C.I. HOLDINGS BERHAD
37918-A

LAPORAN TAHUNAN 2015 ANNUAL REPORT

A NEW WAVE OF SUCCESSES

COVER RATIONALE

C.I. Holdings Berhad has enjoyed a year of tremendous growth, reaching new heights in revenues and profits. The company's strong financial results and revenue surge are depicted as an auspicious high-crested wave of golden drops, which signify a valuable edible oil business as well as the bright prospects of other product divisions.

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CORPORATE

FINANCIAL

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz
Senior Independent Non-Executive Chairman

Megat Joha Bin Megat Abdul Rahman
Group Managing Director

Datin Mariam Prudence Binti Yusof
Non-Independent Non-Executive Director

Fung Heen Choon
Non-Independent Non-Executive Director

Nor Hishammuddin Bin Dato' Mohd Nordin
Independent Non-Executive Director

Teh Bee Tein
Independent Non-Executive Director

Kasinathan a/l Tulasi
Independent Non-Executive Director

Dato' Sukumaran s/o Ramasamy
Non-Independent Non-Executive Director

Lee Cheang Mei
Alternate Director to Mr. Fung Heen Choon

Dato' Tan Fok Wah
Alternate Director to Dato' Sukumaran s/o Ramasamy

AUDIT COMMITTEE

Teh Bee Tein
Chairman, Independent Non-Executive Director

Nor Hishammuddin Bin Dato' Mohd Nordin
Independent Non-Executive Director

Kasinathan a/l Tulasi
Independent Non-Executive Director

REMUNERATION COMMITTEE

Nor Hishammuddin Bin Dato' Mohd Nordin
Chairman, Independent Non-Executive Director

Megat Joha Bin Megat Abdul Rahman
Group Managing Director

Teh Bee Tein
Independent Non-Executive Director

NOMINATION COMMITTEE

Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz
Chairman, Senior Independent Non-Executive Chairman

Nor Hishammuddin Bin Dato' Mohd Nordin
Independent Non-Executive Director

Teh Bee Tein
Independent Non-Executive Director

RISK MANAGEMENT COMMITTEE

Teh Bee Tein Chairman
Megat Joha Bin Megat Abdul Rahman Member
Nor Hishammuddin Bin Dato' Mohd Nordin Member
Fung Heen Choon Member
Foo Loke Yean Member
Chaw Pei Yee Member
Teoh Kar Hoe Risk Manager

GROUP MANAGEMENT TEAM

Megat Joha Bin Megat Abdul Rahman
Group Managing Director

Azlan Bin Ahmad
Company Secretary

Chaw Pei Yee
Senior Manager, Finance & Administration

Teoh Kar Hoe
Internal Audit Manager

COMPANY SECRETARIES

Azlan Bin Ahmad LS 0009209
Chin Ngeok Mui MAICSA 7003178

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7849 0777
Fax: 03-7841 8151

REGISTERED OFFICE

Suite A-11-1, Level 11, Hampshire Place Office
157 Hampshire
No. 1, Jalan Mayang Sari
50450 Kuala Lumpur
Tel: 03-2182 7333
Fax: 03-2166 7208

AUDITORS

BDO (AF 0206)
Level 8
BDO @ Menara CenTARa
360 Jalan Tunku Abdul Rahman
50100 Kuala Lumpur
Tel: 03-2616 2888
Fax: 03-2616 3190

PRINCIPAL BANKERS

Affin Bank Berhad
CIMB Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad
RHB Islamic Bank Berhad

LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : CIHLDG Stock Code : 2828

NOTICE OF THIRTY-SEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Seventh Annual General Meeting of the Company will be held at **Pullman One, Level 3, Pullman Kuala Lumpur City Centre Hotel & Residences, Jalan Conlay, 50450 Kuala Lumpur on Monday, 23 November 2015 at 10:00 a.m.** for the following purposes:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2015 together with the Directors' and Auditors' Reports thereon. — *Please refer to Explanatory Note 1*

2. To approve the payment of Directors' fees of RM105,000.00 for the financial year ended 30 June 2015. — *Ordinary Resolution 1*

3. To re-elect the following Directors, who retire by rotation in accordance with Article 92 of the Company's Articles of Association:

   (i) Ms. Teh Bee Tein — *Ordinary Resolution 2*
   (ii) Encik Megat Joha Bin Megat Abdul Rahman — *Ordinary Resolution 3*

4. To re-elect Dato' Sukumaran s/o Ramasamy, who was appointed during the year and retires in accordance with Article 98 of the Company's Articles of Association. — *Ordinary Resolution 4*

5. To consider and if thought fit, to pass the following resolution in accordance to Section 129(6) of the Companies Act, 1965: — *Ordinary Resolution 5*

   "THAT pursuant to Section 129(6) of the Companies, Act, 1965, Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz who is over the age of seventy years, be and is hereby re-appointed as Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company."

6. To re-appoint Messrs BDO as auditors of the Company and to authorise the Directors to fix their remuneration for the ensuing year — *Ordinary Resolution 6*

As Special Business

To consider and, if thought fit, to pass the following resolutions pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012:

7. Continuing in Office as Independent Non-Executive Directors

   7.1 "THAT subject to the passing of Ordinary Resolution 5, approval be and is hereby given to Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." — *Ordinary Resolution 7*

   7.2 "THAT approval be and is hereby given to Encik Nor Hishammuddin Bin Dato' Mohd Nordin who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." — *Ordinary Resolution 8*

Any Other Business

8. To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

BY ORDER OF THE BOARD
C.I. HOLDINGS BERHAD

AZLAN BIN AHMAD (LS 0009209)
CHIN NGEOK MUI (MAICSA 7003178)
Company Secretaries

Kuala Lumpur
Date: 26 October 2015

NOTICE OF THIRTY-SEVENTH ANNUAL GENERAL MEETING
(cont'd)

NOTES:

1. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 57(2) of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 16 November 2015. Only a member whose name appears in the Record of Depositors as at 16 November 2015 shall be entitled to attend the Meeting and to speak and vote thereat.

2. A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his(her) stead. A proxy need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

3. A member of the Company may appoint a proxy or proxies to attend the Meeting. Where a member appoints two or more proxies, he(she) shall specify the proportion of his(her) shareholdings to be represented by each proxy.

4. The instrument appointing a proxy shall be in writing under the hands of the appointor or of his(her) attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of its officer or its duly authorised attorney.

5. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.

7. To be valid, the Form of Proxy must be completed, signed and deposited at the Company's registered office at Suite A-11-1, Level 11, Hampshire Place Office, 157 Hampshire, No. 1, Jalan Mayang Sari, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting.

NOTICE OF THIRTY-SEVENTH ANNUAL GENERAL MEETING

(cont'd)

EXPLANATORY NOTES TO THE AGENDA:

Item 1 of the Agenda

This item of the Agenda is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item of the Agenda is not put forward for voting.

Item 7.1 of the Agenda

The Nomination Committee has assessed the independence of Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz, who served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and the Board, upon the Nomination Committee's recommendation, had recommended for shareholders' approval for him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:

a) He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore would be able to function as a check and balance and bring an element of objectivity to the Board of Directors.

b) He understands the main drivers of the business in a detailed manner.

c) He consistently challenged management in an effective and constructive manner.

d) He actively participated in board discussion and provided an independent voice on the board.

Item 7.2 of the Agenda

The Nomination Committee has assessed the independence of Encik Nor Hishammuddin Bin Dato' Mohd Nordin who served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and the Board, upon the Nomination Committee's recommendation, had recommended for shareholders' approval for him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:

a) He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore would be able to function as a check and balance and bring an element of objectivity to the Board of Directors.

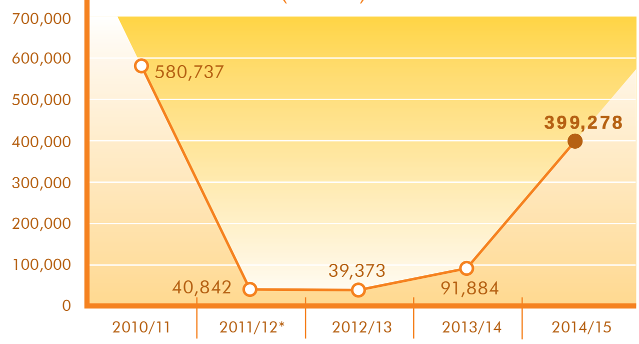
b) He has vast experience in the legal field and was able to provide constructive and independent judgment from the legal perspective of the business.

c) He consistently challenged management in an effective and constructive manner.

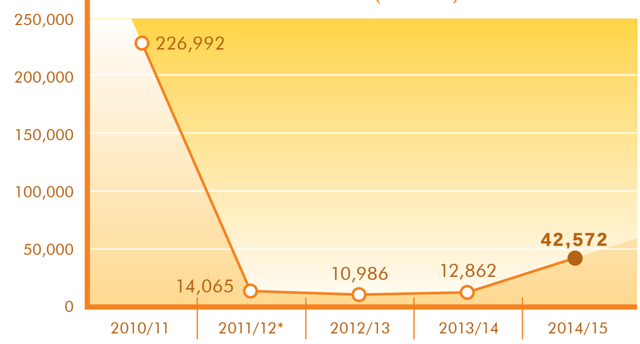
d) He actively participated in board discussion and provided an independent voice on the board.

5-YEAR GROUP'S FINANCIAL HIGHLIGHTS

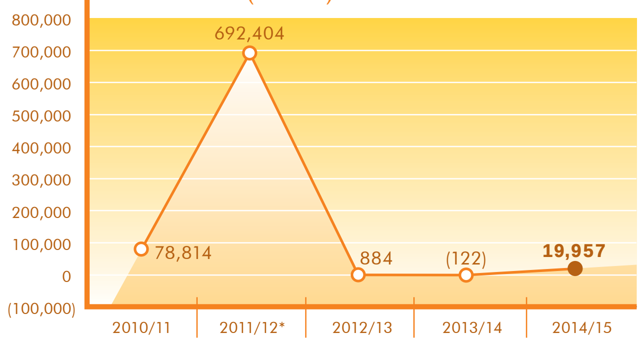
REVENUE (RM'000)



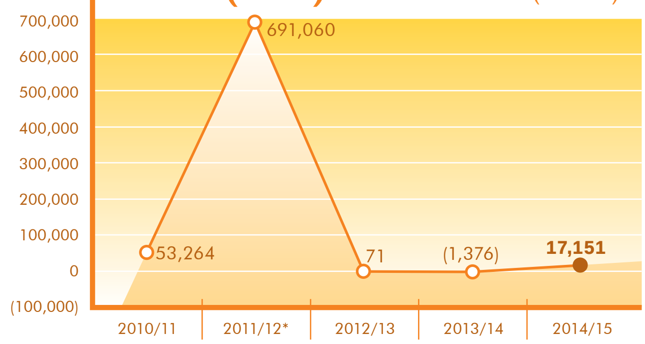
GROSS PROFIT (RM'000)



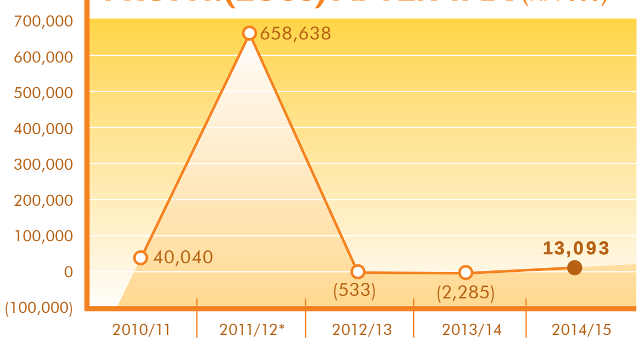
EBITDA (RM'000)



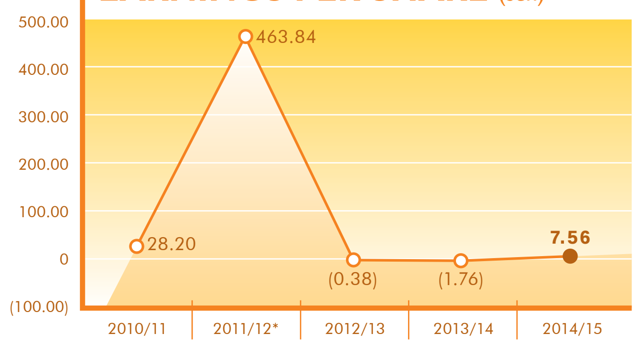
PROFIT/(LOSS) BEFORE TAX (RM'000)



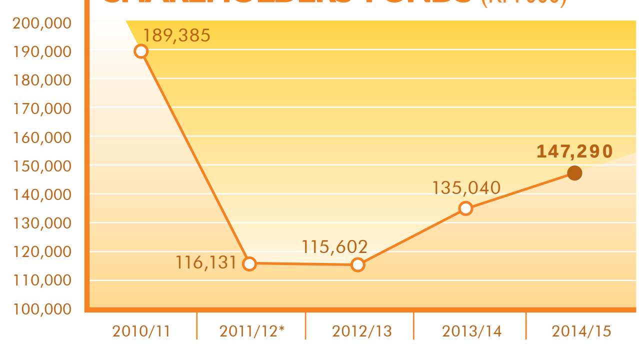
PROFIT/(LOSS) AFTER TAX (RM'000)



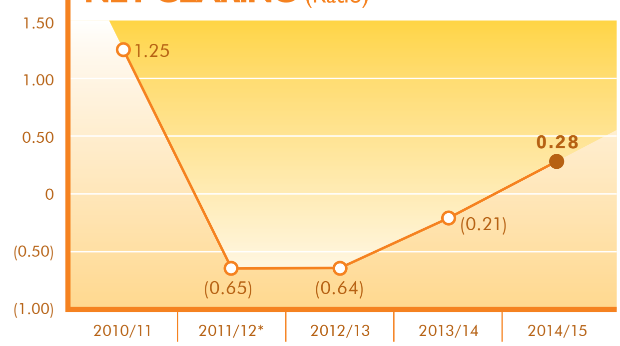
EARNINGS PER SHARE (sen)



SHAREHOLDERS' FUNDS (RM'000)



NET GEARING (Ratio)



5-YEAR GROUP'S FINANCIAL HIGHLIGHTS
(cont'd)

Year Ended 30 June	2010/11	2011/12*	2012/13	2013/14	2014/15
Revenue (RM '000)	580,737	40,842	39,373	91,884	**399,278**
Gross Profit (RM '000)	226,992	14,065	10,986	12,862	**42,572**
Gross Profit (%)	39%	34%	28%	14%	**11%**
EBITDA (RM '000)	78,814	692,404	884	(122)	**19,957**
EBITDA (%)	14%	1695%	2%	0%	**5%**
Profit/(Loss) Before Tax (RM '000)	53,264	691,060	71	(1,376)	**17,151**
Profit/(Loss) Before Tax (%)	9%	1692%	0%	-1%	**4%**
Profit/(Loss) After Tax (RM '000)	40,040	658,638	(533)	(2,285)	**13,093**
Profit/(Loss) After Tax (%)	7%	1613%	-1%	-2%	**3%**
No. of Ordinary Share on Issue (000s)	142,000	142,000	142,000	[1]145,507	**162,000**
Earnings Per Share (sen)	28.20	463.84	(0.38)	(1.76)	**7.56**
Shareholders' Funds (RM '000)	189,385	116,131	115,602	135,040	**147,290**
Net Gearing (Ratio)	1.25	(0.65)	(0.64)	(0.21)	**0.28**

[1] *Weighted Average Number of Ordinary Shares in Issue*
* *Results driven largely by the RM688.43 million accounting gain from the disposal of Permanis Sdn Bhd.*

DIRECTORS' PROFILE

YBhg TAN SRI DATO' SERI ABDUL GHANI BIN ABDUL AZIZ

Senior Independent
Non-Executive Chairman

YBhg Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz, aged 71, a Malaysian, was appointed to the Board as an Executive Director on 25 November 1999. On 12 July 2001, he was re-designated as a Non-Independent Non-Executive Chairman of the Company. On 1 November 2003, he qualified as an Independent Non-Executive Chairman. Subsequently, he was appointed as Senior Independent Non-Executive Chairman on 25 August 2010. He is also the Chairman of the Nomination Committee.

He holds a Master of Arts Degree in International Relations and Strategic Studies from the University of Lancaster, England, and a Master of Human Sciences Degree (History and Civilization) from the International Islamic University, Malaysia. He served in the Royal Malaysian Air Force (RMAF) for 32 years and attained the position of the Chief of the Air Force in 1993 before retiring in November 1996. Presently, he is the Chief Executive of a joint-venture private limited company.

He has no directorships in other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He does not have any convictions for offences within the past 10 years other than traffic offences, if any.

DIRECTORS' PROFILE
(cont'd)

ENCIK MEGAT JOHA BIN MEGAT ABDUL RAHMAN
Group Managing Director

Encik Megat Joha Bin Megat Abdul Rahman, aged 52, a Malaysian, was appointed to the Board on 18 April 2013 as an Executive Director. Subsequently, he was re-designated as Group Managing Director on 29 July 2015. Currently, he is also a member of the Remuneration Committee and Risk Management Committee.

He is a USA trained and qualified accountant who graduated from Boston University, Massachusetts with a Degree in Accounting & Finance in 1986 and started his career with Peat Marwick Mitchell, Chicago, USA. Having passed the USA CPA examination in 1987 in Chicago he returned to join the KPMG Kuala Lumpur office in 1988.

In 1991, he joined Kumpulan FIMA Berhad where he served in various capacities as Vice President for the Agro-based group and Business development and as Executive Director and Chief Executive Officer ("CEO") for Percetakan Keselamatan Nasional and Security Printers, of FIMA Berhad.

In 1998, Encik Megat Joha joined the Kuala Lumpur Stock Exchange ("KLSE") (now known as Bursa Malaysia Securities Berhad) as Investigations Senior Manager for Market Supervision. In 1999, he led the project team in establishing the Labuan International Financial Exchange ("LFX") for the KLSE, and held the post of Assistant General Manager at LFX till 2002.

He left the KLSE in early 2002 to assume the post of Chief Operating Officer cum Executive Director (Operations) at Mayban Securities Sdn Bhd until late 2005.

His various other stints included project sales at Sigma AIT Sdn Bhd, business development and project management at Scomi Engineering Berhad, Group CEO of Majuperak Holdings Berhad and lastly as General Manager at Boustead Sissons Paints Sdn Bhd.

He has no directorships in other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He does not have any convictions for offences within the past 10 years other than traffic offences, if any.

DIRECTORS' PROFILE
(cont'd)

YBhg DATIN MARIAM PRUDENCE BINTI YUSOF
Non-Independent Non-Executive Director

YBhg Datin Mariam Prudence Binti Yusof, aged 62, a Malaysian was appointed to the Board on 27 July 2005 as Non-Independent Non-Executive Director.

She graduated with BA (Honours), University of Malaya in 1974. She started her career in the field of human resource and organizational development with multinational companies, namely Motorola (M) Sdn. Bhd., Intel (M) Sdn. Bhd., Shell Malaysia Sdn. Bhd. and Nestle (M) Sdn. Bhd. In 1984, she entered the field of stockbroking and was the Executive Director of Equity Market of MIDF Amanah Investment Bank Bhd, until her retirement.

Her other previous appointments include being a Member of the Kuala Lumpur Stock Exchange Committee (KLSE), a Director of Labuan International Financial Exchange Inc. (LFX), a Director of Securities Clearing Automated Network Services Sdn. Bhd. (SCANS) and a Director of Research Institute & Investment Analyst Malaysia (RIIAM) and Trustee of the Bumiputera Training Fund of the Securities Commission (SC). She was also the Chairman of the Membership Committee of the KLSE. She has retired from the Board of KLSE and its subsidiaries on 10 April 2004.

In year 2002, she was elected as Chairman of the Association of Stockbroking Companies of Malaysia (ASCM) with the primary role of spearheading the demutualization of KLSE to its new entity, Bursa Malaysia Berhad.

On 26 August 2002, she was appointed as a member of the National Economic Action Council (NEAC) by the Prime Minister of Malaysia, and served until recently with the election of the new Prime Minister.

She does have family relationship with a major shareholder of the Company. She does not have any convictions for offences within the past 10 years other than traffic offences, if any.

MS. TEH BEE TEIN
Independent Non-Executive Director

Ms. Teh Bee Tein, aged 59, a Malaysian, was appointed to the Board on 15 April 2009 as an Independent Non-Executive Director. Currently, she is the Chairman of the Audit Committee and Risk Management Committee, and also a member of the Nomination Committee and Remuneration Committee.

Ms. Teh is a member of the Malaysian Institute of Accountants (MIA) and also a Fellow of the Association of Chartered Certified Accountants, United Kingdom. She spent 16 years in public accounting firms which broadened her accountancy, taxation and financial consultancy experience, both in Malaysia and the United Kingdom. She is currently the Managing Partner of B.T. Teh, Thiang & Co. – Chartered Accountants (Petaling Jaya), a partner of Thiang & Co. – Chartered Accountants (Klang) and the Managing Director of B.T. Teh Tax Services Sdn Bhd.

She is currently a Board member of LCTH Corporation Berhad. She does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which she has personal interest. She does not have any convictions for offences within the past 10 years other than traffic offences, if any.

DIRECTORS' PROFILE
(cont'd)

ENCIK NOR HISHAMMUDDIN BIN DATO' MOHD NORDIN
Independent
Non-Executive Director

Encik Nor Hishammuddin Bin Dato' Mohd Nordin, aged 49, a Malaysian, was appointed to the Board as an Independent Non-Executive Director and a member of the Audit Committee on 30 May 2001. Currently, he is also the Chairman of the Remuneration Committee and a member of the Nomination Committee and Risk Management Committee.

He holds a Bachelor of Law (LLB) degree with honours and was called to the Malaysian Bar as an Advocate and Solicitor of the High Court of Malaya in 1994. He is presently the Managing Partner of Messrs Hisham Yoong – K.C. Lim, a legal firm.

He has no directorships in other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He does not have any convictions for offences within the past 10 years other than traffic offences, if any.

MR. KASINATHAN a/l TULASI
Independent
Non-Executive
Director

Mr. Kasinathan a/l Tulasi, aged 57, a Malaysian, was appointed to the Board on 8 February 2011 as an Independent Non-Executive Director.

He holds a Bachelor of Law (LL.B) degree with honours from the University of London (External), and he is also a Barrister (Lincoln's Inn). He started his career as a Legal Executive in Messrs Shah & Burke and read in the chambers of Mr. Philip Waller QC in London. Mr. Kasinathan a/l Tulasi returned to Malaysia and was called to the Malaysian Bar on 27 September 1991. Upon being called to the Bar, he joined the legal firm of Messrs Sajali, Amier & Partners. In December 1992, Mr. Kasinathan a/l Tulasi resigned from Messrs Sajali, Amier & Partners to set up the partnership of Messrs A. Zahari Thulasi now known as Messrs Affendi Zahari.

He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He has no convictions for offences in the past 10 years other than traffic offences, if any.

DIRECTORS' PROFILE
(cont'd)

MR. FUNG HEEN CHOON
Non-Independent Non-Executive Director

Mr. Fung Heen Choon, aged 58, was appointed to the Board on 7 May 2014 as Non-Independent Non-Executive Director. He is currently a member of the Risk Management Committee.

He is the co-founder and Executive Director of Continental Resources Sdn Bhd (173543-U) ("CRSB"), a wholly-owned subsidiary of the Company. He obtained his Bachelor of Arts degree in Economics from North East London Polytechnic, United Kingdom, in 1982. He has more than 20 years of experience in the edible oils industry where his core competency is in operations, accounting and finance.

Mr. Fung began his career as an account assistant in London's E.F. Hutton Pte Ltd in 1984 and was responsible for contract reconciliation and producing financial reports. In 1987, Mr. Fung returned to Malaysia and joined Seccon Management Services Sdn Bhd as Manager and served the company for a period of three (3) years. Mr. Fung was responsible for the business development of the company as well as secretarial and management consultation services to its clients. Mr. Fung resigned from Seccon Management Services Sdn Bhd in 1990 and co-founded CRSB where he was appointed Executive Director of CRSB, a position that he continues to hold till today.

Mr. Fung is responsible for managing the administration and factory operations of CRSB, including evaluation and implementation of operational expansion plans, licensing, financial strategies and cash flow as well as securing trade facilities and financing from financial institutions.

He has no directorships in other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He does not have any convictions for offences within the past 10 years other than traffic offences, if any.

MS. LEE CHEANG MEI
Non-Independent Non-Executive Director
Alternate Director to Mr. Fung Heen Choon

Ms. Lee Cheang Mei, aged 56, a Malaysian, was appointed to the Board on 7 May 2014 as an Alternate Director to Mr. Fung Heen Choon.

She is the co-founder and Managing Director of Continental Resources Sdn Bhd (173543-U) ("CRSB"), a wholly-owned subsidiary of the Company. She obtained her Certificate of Administrative Management from the administration and business management professional body, Institute of Administrative Management, in 1983. She has more than 30 years of experience in the edible oils industry where her core competency is in the marketing and sales of edible oils.

Ms. Lee began her career as a marketing executive in Felda Marketing Services Sdn Bhd in 1981 where she was responsible for the export sales of palm oil and its downstream products. During her seven (7) years tenure with Felda Marketing Services Sdn Bhd, she successfully developed the export market for two (2) regions, namely Asia (including Australasia) and the Middle East. Ms. Lee then joined Seacourt Pty Ltd, Australia in 1988 as Marketing Director where she was responsible to explore and create business opportunities as well as marketing of Malaysia's palm oil and other liquid oil products to Australian consumers. In 1990, Ms. Lee left Seacourt Pty Ltd and co-founded CRSB where she was appointed Managing Director of CRSB.

Ms. Lee current position as Executive Director of CRSB is responsible for identifying, developing and directing the implementation of CRSB's business strategies to ensure growth and progress in expanding market presence in the Asia (including Australasia), Middle East and Africa regions. She is also responsible for product development, brand and company positioning as well as ensuring a positive culture and working environment to achieve optimum employee productivity.

She has no directorships in other public companies. She does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which she has personal interest. She does not have any convictions for offences within the past 10 years other than traffic offences, if any.

DIRECTORS' PROFILE

(cont'd)

YBhg DATO' SUKUMARAN s/o RAMASAMY

Non-Independent Non-Executive Director

YBhg Dato' Sukumaran s/o Ramasamy ("Dato' Kumar"), aged 58, a Malaysian was appointed to the Board on 10 June 2015 as Non-Independent Non-Executive Director.

After completing his secondary education, Dato' Kumar began his career in 1981 as a Plant Manager in Ngo Chew Hong Edible Oil Pte Ltd (subsidiary of Mewah International, a listed company in the Singapore Stock Exchange) and advanced in several positions in the company before becoming the Chief Executive Officer of the company, thus equipped him with extensive knowledge on the daily operations of the company including production, finance and consumer marketing.

Dato' Kumar left the company in 2011 and co-founded Saber Pte Ltd where he was appointed Managing Director of Saber Pte Ltd. Dato' Kumar has over thirty (30) years of experience in the palm oil industries, specifically in the consumer pack segment. He is now the Managing Director of Palmtop Vegeoil Products Sdn Bhd. He is a well-known and respected figure in the industry with good relationships built with brokers and raw material suppliers. Dato' Kumar managed to achieve RM1.8 billion turnover for Saber Pte Ltd by the fourth year of operations and he had successfully distributed edible oils and fats in retail packings to over 120 countries in Asia, Middle East, Australasia and Pacific Islands, Indian sub-continents, Africa, Caribbean Islands, Commonwealth of Independent States region and Europe within a period of four years.

He has no directorships in other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He does not have any convictions for offences within the past 10 years other than traffic offences, if any.

YBhg DATO' TAN FOK WAH

Non-Independent Non-Executive Director Alternate Director to Dato' Sukumaran s/o Ramasamy

YBhg Dato' Tan Fok Wah, aged 45, a Malaysian was appointed to the Board on 10 June 2015 as an Alternate Director to Dato' Sukumaran s/o Ramasamy.

After completing his secondary education, Dato' Tan Fok Wah began his career in 1993 to 2004 as a proprietor at TL stainless Steel & Machinery Works in Johor. He specialise in engineering work and fabrications of packaging machineries for liquid filling for detergent, drinking water and edible oil. In 2005, he joined Wasawell Oil and Fats Sdn Bhd as General Manager to manage the operation of edible oil packing until 2008. He is the co-founder of Palmtop Vegeoil Products Sdn Bhd ("Palmtop") where he was appointed Executive Director.

Dato' Tan Fok Wah is responsible for the administration and factory operation of Palmtop including production planning, material planning and designing and configuring packaging solutions. His vast technical expertise is an advantage to the Group.

He has no directorships in other public companies. He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He does not have any convictions for offences within the past 10 years other than traffic offences, if any.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS;

On behalf of the Board of Directors (the "Board") of C.I. Holdings Berhad (the "Company"), I am pleased to present the 2015 Annual Report incorporating the Financial Statements of C.I. Holdings Berhad and its subsidiaries (the "Group") and of the Company for the financial year ended 30 June 2015.

FINANCIAL PERFORMANCE

The financial year under review has proven to be an exhilarating year for the Group as we saw the Group's total revenue increase by 334.57 percent compared to the revenue of RM91.88 million, recorded last year. This year's total revenue of RM399.28 million translated to a profit before tax of RM17.15 million as compared to a loss before tax of RM1.38 million in the previous year.

The completion of the Group's acquisition exercise of the entire issued and paid up share capital of Continental Resources Sdn Bhd ("CRSB") marked the Group's entry into the edible oil products industry. The said acquisition was a continuation of the Group's effort and commitment to remain as a player in the Consumer Goods sector of the economy.

Following from the above, earlier in May this year, the Group further expanded its edible oil products division by acquiring sixty percent (60%) of equity in Palmtop Vegeoil Products Sdn Bhd ("Palmtop"), a manufacturer and packer of edible oil products much like CRSB, with vast distribution network in the African and the Middle-Eastern regions.

We are pleased to welcome to our Board YBhg Dato' Sukumaran s/o Ramasamy who joined us in June 2015 as a Non-Independent Non-Executive Director and as his Alternate YBhg Dato' Tan Fok Wah. Both these gentlemen have been instrumental in developing and expanding the edible oil products sales network for Palmtop and will continue to manage and operate Palmtop.

As at 30 June 2015, the Group maintained a strong financial position with net gearing ratio remaining low at 0.28 times and cash and bank balances of RM52.82 million. The Group ended the 2015 financial year with a credible net profit of RM13.09 million.

REVIEW OF CONTINUING OPERATIONS

Edible Oil Products Division

The division contributed revenue of RM357.44 million and a profit after tax of RM12.38 million for the financial year under review. As stated earlier, the marked increase in revenue and the higher profit after tax especially in the fourth quarter of the financial year were mainly as a result of CRSB's acquisition of 60 percent equity in Palmtop in May 2015. Palmtop owns 100 percent of PNC Oil Factory (Malaysia) Sdn Bhd ("PNC").

PNC is a company primarily involved in the business of toll packing and exporting of edible oil products on behalf of its customers. Both Palmtop and PNC operate out of Pasir Gudang Johor where they maintain their respective production plants and warehouses.

The division, in particular CRSB, as part of its efforts to expand its operation capacity, has completed in July 2015 all construction and renovation works of its new second plant located near the existing plant in Teluk Panglima Garang, Klang.

To extend its operations upstream and improving margins, the division has also invested in four new blow-moulding machines for the production of packaging materials, as well as new nozzle filling machines to improve capacity and productivity.

The Group's acquisition of Palmtop has proven to be a right move in its bid to expand the Group's international presence. In addition to the current plant located near Port Klang, Palmtop's strategic location near Johor Port opened up countless possibilities for the division to cater for future market demands worldwide.

2015 was a challenging year for the industry given the volatility of palm oil prices. The division will nevertheless continue to expand its distribution network to counter any expected drop in revenue.

The division is fully committed to implement its future strategy and plans: further expansion of processing operations capacity, extending operations upstream within the manufacturing value chain, and expanding international presence.

Tap and Sanitary Ware Division

The division generated RM40.31 million in revenue, an improvement of 11.7 percent from RM36.10 million last year. The division held true to its plan of increasing market penetration throughout the year under review as evident by the increase in number of retail distribution outlets. The increased revenue was as a result of better projects sales and growth in the export markets during the year under review.

In April 2015, the Government implemented the Goods and Services Tax Act, 2014 ("GST"). With the introduction of the GST and the division requiring time to adjust to processes, coupled with the influx of cheap imports into the tap and sanitary ware market, even though the division saw increase in revenue, the division only managed to record a profit after taxation of RM0.51 million, a decrease of 42.0 percent, from RM0.88 million recorded in the previous year.

The division will continue its present effort to further increase its sales distribution network and secure more project sales to counter the influx of cheap imports by offering more range of reasonably affordable quality products to its customers and end-product users.

DIVIDEND

Since the Company has just ventured into the edible oil business and has achieved profitability during the financial year under review, the Board does not recommend payment of dividend for the financial year ended 30 June 2015.

CURRENT YEAR AND FUTURE PROSPECT

The Group has proven its capacity to drive successful transformation and extensive growth of its investee companies in the past. It aims to explore new opportunities to achieve successes as it has done in the past through new investments.

The Group will continue with its expansion strategy and plans for revenue growth for its edible oil operations. For the Group's tap and sanitary ware division, the Group will continue to seek smart partnership and tie-up with property developers with the aim of enhancing its shareholders' value.

APPRECIATION

On behalf of the Board of Directors, I would like to express our gratitude to the management and staff of the Group for their relentless commitment and dedication.

Please allow me to also express our sincere and deepest appreciation and utmost gratitude to our former Group Managing Director, YB Datuk Johari Bin Abdul Ghani who left the Group on 29 July 2015 to accept the Government's call to national service as Deputy Finance Minister. YB Datuk Johari's clear and focused business acumen coupled with his strong leadership and stewardship qualities speak volumes as evident by the achievements of the Group. On behalf of the Board of Directors and management we wish him the very best in his new endeavour and future undertakings.

My appreciation also goes to our loyal shareholders, business associates, and bankers for the constant support, confidence and assistance given to us.

Finally, I would like to thank my fellow Board members for their good counsel, invaluable contribution and unwavering support throughout the year.

TAN SRI DATO' SERI ABDUL GHANI BIN ABDUL AZIZ
Chairman

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (the "Board") considers that the Company and its subsidiaries (the "Group") have applied the principles and recommendations of the Malaysian Code on Corporate Governance 2012 (the "Code") and will continue to review the existing corporate governance practices and policies throughout the Group in ensuring full compliance with the recommendations of the Code.

This statement, which is made pursuant to paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), sets out the manner in which the Group has adopted the Code and the extent to which it has applied the principles and the recommendations of the Code.

1. BOARD OF DIRECTORS

1.1 Board Composition and Balance

The Group is led and managed by an experienced Board comprising of members with background in relevant fields such as business administration, public service, legal, accountancy, corporate financing and organisational development and fast moving consumer goods.

The Board has established a policy on Board gender diversity, setting a target of having at least two (2) women Directors on Board. The Board has met its target of having two (2) women Directors on Board.

As at the date of this Statement, the Board comprises eight (8) principal Directors and two (2) Alternate Directors. Out of the eight (8) principal Directors, four (4) are independent non-executive Directors and their respective number of other Directorships held in other Listed Companies are appended below. The Company has thus complied with Paragraph 15.02 of the MMLR of Bursa Securities which requires that at least two (2) Directors or one third (1/3) of the Board of Directors (whichever is higher) to be independent. Profiles of the Directors are set out on pages 8 to 13 of this Annual Report. The Company also meets the recommendation of the Code in term of the composition of independent board members.

Directors	Designation	No. of Directorships in Other Listed Companies
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	Chairman, Senior Independent Non-Executive Director	–
Datuk Johari Bin Abdul Ghani (Resigned w.e.f. 29 July 2015)	Group Managing Director	–
Megat Joha Bin Megat Abdul Rahman (Re-designated from Executive Director to Group Managing Director w.e.f. 29 July 2015)	Group Managing Director	–
Nor Hishammuddin Bin Dato' Mohd Nordin	Independent Non-Executive Director	–
Datin Mariam Prudence Binti Yusof	Non-Independent Non-Executive Director	–
Teh Bee Tein	Independent Non-Executive Director	1
Kasinathan a/l Tulasi	Independent Non-Executive Director	–
Fung Heen Choon	Non-Independent Non-Executive Director	–
Dato' Sukumaran s/o Ramasamy (Appointed w.e.f. 10 June 2015)	Non-Independent Non-Executive Director	–
Lee Cheang Mei	Alternate Director to Fung Heen Choon, Non-Independent Non-Executive Director	–
Dato' Tan Fok Wah (Appointed w.e.f. 10 June 2015)	Alternate Director to Dato' Sukumaran s/o Ramasamy, Non-Independent Non-Executive Director	–

STATEMENT ON CORPORATE GOVERNANCE
(cont'd)

1.1 Board Composition and Balance (cont'd)

As at the date of this Statement, none of the Directors of the Company hold more than five (5) directorships in public listed companies. The directorships of each Director are set out in the Profiles of Directors on pages 8 to 13 of this Annual Report.

Datin Mariam Prudence Binti Yusoff, the Non-Independent Director represents major shareholders on the Board of the Company, the shares of which are held by Duclos Sdn Bhd, Leasing Corporation Sdn Bhd, Syed Ibrahim Sdn Bhd, Du Ain Sdn Bhd, Sisma Water Technology Sdn Bhd and Continental Theme Sdn Bhd.

Minority interests of the Company are represented by the Independent Directors by virtue of their independence. They play a vital role in protecting the rights of the minority shareholders and as such, none of the Independent Directors participate in the day-to-day management of the Company. This ensures that they are able to provide unbiased and independent views and judgements during evaluations of management's proposals and strategies.

1.2 Roles and Responsibilities of the Chairman and the Group Managing Director

The roles of the Chairman and the Group Managing Director are separated with a clear division of responsibilities between them to ensure balance of power and authority. The Chairman leads the strategic planning at the Board level, whilst the Group Managing Director is responsible for the implementation of the policies laid down by the Board and executive decision-making.

All Board members bring an independent judgement to bear on issues of strategy, performance, risk management, resources and standards of conduct.

In adherence with Code, the Chairman is an unrelated non-executive independent director.

1.3 Duties and Responsibilities of the Board

The Board, with its collective and overall responsibility in leading and directing the Company's strategic affairs, has the ultimate responsibility for corporate governance and plays a key role in charting the vision, strategic direction, development and control of the Group as well as overseeing the investment of the Company.

There is a schedule of matters reserved specifically for the Board's decision which includes reviewing and approving the Group's quarterly and annual results, the business plan, the direction of the Group, new investment and business proposals, the management/performance of the business of subsidiaries, corporate plans and annual budgets, acquisitions and disposals as well as material agreements, major capital expenditures and long term plans.

Additionally, the Board will assume, amongst others, the following duties and responsibilities:

(i) Overseeing and evaluating the conduct and performance of the Company and the Group;

(ii) Identifying principal risks and ensuring implementation of a proper risk management system;

(iii) Establishing a succession plan;

(iv) Overseeing the development and implementation of a shareholder communication policy for the Company; and

(v) Reviewing the adequacy and the integrity of management information and internal controls system of the Company.

1.4 Board Meetings and Attendance

Board meetings are scheduled in advance at the end of the previous financial year prior to the commencement of the new financial year to enable Directors to plan ahead and fit the year's meetings into their own schedules. To ensure effective management of the Group, the Board meets at least five (5) times a year with additional meetings taking place when necessary.

STATEMENT ON CORPORATE GOVERNANCE
(cont'd)

1.4 Board Meetings and Attendance (cont'd)

During the financial year ended 30 June 2015, six (6) Board meetings were held to review the Group's operations, to approve the quarterly financial results, year-end financial statements and other matters such as the business plan, the direction of the Group, new investment and business proposals. A summary of the attendance of each Director at the Board meetings held during the financial year under review is as follows:

Directors	No. of Board Meetings Attended	Percentage (%)
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	5/6	83.33%
Datuk Johari Bin Abdul Ghani (Resigned w.e.f. 29 July 2015)	5/6	83.33%
Megat Joha Bin Megat Abdul Rahman	6/6	100.00%
Nor Hishammuddin Bin Dato' Mohd Nordin	6/6	100.00%
Datin Mariam Prudence Binti Yusof	4/6	66.67%
Teh Bee Tein	5/6	83.33%
Kasinathan a/l Tulasi	4/6	66.67%
Fung Heen Choon or Alternate, Lee Cheang Mei	4/6	66.67%
Dato' Sukumaran s/o Ramasamy or Alternate, Dato' Tan Fok Wah (both appointed on 10 June 2015)	N/A	0.00

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance records of the Directors at the Board and Board Committee Meetings during the financial year ended 30 June 2015.

Except for the newly appointed Directors on 10 June 2015, all the other Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated in the MMLR of Bursa Securities. In the intervals between Board meetings, for any matter which requires the Board's decisions, approval would be obtained through Directors' circular resolution. The resolutions passed by way of such circular resolution would be noted by the Board in the subsequent Board meetings.

An annual meeting schedule is prepared and distributed to the Board members before the beginning of each year. It provides the scheduled dates for meetings of the Board and Board Committees and the Annual General Meeting ("AGM") of the Company.

1.5 Supply of Information

All Directors are provided with an agenda and board papers prior to every Board meeting to enable the Directors to obtain further explanations or information, where and when necessary, in order to be properly briefed before the meeting. In addition to quantitative information, the Directors are also provided with timely and relevant updates/ information relevant to the business of the meeting, including management information on the financial and trading position of the Group. Senior management staff and external advisors may be invited to attend Board meetings, to advise and provide the Board with detailed explanations and clarification on certain matters that are tabled to the Board.

The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharge of their functions.

The Company Secretaries attend all Board meetings and are responsible for ensuring that the Board procedures as well as statutory and regulatory requirements relating to the duties and responsibilities of the Directors are complied with. The Company Secretaries also ensure that all Board deliberations, issues and conclusions reached including the substance of inquiries and responses, Board members' suggestions and the decisions made are properly recorded and maintained in the minutes of the Board meetings.

In furtherance of their duties, all Directors are empowered to seek independent external professional advice at the expense of the Company.

STATEMENT ON CORPORATE GOVERNANCE
(cont'd)

1.6 Appointments to the Board

The Nomination Committee scrutinises the sourcing and nomination of suitable candidates for appointment as Director of the Company before recommending to the Board for approval. The candidates must also be able to commit a sufficient amount of time to discharge their duties as a Board member.

The Board appoints its members through a formal and transparent process. The selection criteria for the new candidates for directorship encompass the required mix of skills, functional knowledge, experience, integrity and professionalism to ensure that the candidates will contribute significantly to the effectiveness of the Board. New appointees will be considered and evaluated by the Nomination Committee.

1.7 Re-election/Re-appointment of Directors

In accordance with the Company's Articles of Association, one-third (1/3) or the number nearest to one-third (1/3) of the Directors for the time being shall retire from their office and be eligible for re-election provided always that all the Directors shall retire from their office at least once every three (3) years. Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next AGM and shall then be eligible for re-election.

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are over seventy (70) years of age are required to submit themselves for re-appointment annually.

In accordance with the Article 92 of the Articles of Association of the Company, the following Directors retire by rotation at the forthcoming AGM and being eligible, offer themselves for re-election:

- Ms. Teh Bee Tein
- Encik Megat Joha Bin Abdul Rahman

In accordance with the Article 98 of the Articles of Association of the Company, Dato' Sukumaran s/o Ramasamy, the Director who was appointed during the year retires at the forthcoming AGM and being eligible, offers himself for re-election.

In accordance with Section 129(2) of the Companies Act, 1965, Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz, who is above seventy (70) years of age, is due to retire at the forthcoming AGM and being eligible, offers himself for re-appointment.

1.8 Board Charter

The Board is accountable and responsible for the performance and governance of the Group with a view of protecting shareholders' interest and recognising the interests of all other stakeholders namely customers, suppliers, contractors, employees, regulators, members of the communities and all others with whom the Company interfaces.

This Board Charter serves as a reference point for Board activities. It is designed to provide guidance and clarity for Directors and management with regard to the role of the Board and its committees, the role of the Group Managing Director, the requirements of Directors in carrying out their roles and in discharging their duties towards the Company as well as the Board's operating practices. The Board will review and update the Board Charter periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is available at the Group's website http://www.cih.com.my.

2. BOARD COMMITTEES

In order to ensure the effective discharge of its fiduciary duties and execution of specific responsibilities, the Board has established various Board Committees to assist the Board in the running of the Group. All the Committees listed below do not have executive powers but report to the Board on all matters considered and recommend the same to the Board for approval.

2.1 Audit Committee

The Audit Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the Internal Audit Department and ensures an objective and professional relationship is maintained with the external auditors. The Audit Committee has direct communication channels with the external and internal auditors, who report directly to the Chairman of the Audit Committee.

A report detailing the membership, terms of reference of the Audit Committee and its activities carried out during the financial year ended 30 June 2015 are set out on pages 27 to 31 under the Audit Committee Report.

STATEMENT ON CORPORATE GOVERNANCE
(cont'd)

2.2 Remuneration Committee

The Remuneration Committee comprised of three (3) members, appointed by the Board of Directors from amongst the Directors, consisting a majority of independent non-executive directors. In accordance to the Code, the Remuneration Committee is responsible to establish formal and transparent remuneration policies and procedures, ensuring that remuneration packages are sufficient and appropriate to attract and retain the Directors to run the Company successfully. In addition, the Committee is also responsible for recommending the framework on terms of employment and all aspects in relation to the remuneration framework of Executive Directors.

The terms of reference of the Remuneration Committee are as follows:

(i) The Remuneration Committee is responsible for recommending to the Board the remuneration packages for Executive Directors and senior management of the Company; and

(ii) The remuneration package of Non-Executive Directors should be determined by the Board as a whole. The individuals concerned should abstain from discussion of their own remuneration.

The Committee members and the details of attendance of each individual member in respect of meetings held during the financial year ended 30 June 2015, are as follows:

Directors	Description	No. of Meetings Attended
Nor Hishammuddin Bin Dato' Mohd Nordin	Chairman, Independent Non-Executive Director	2/2
Teh Bee Tein	Independent Non-Executive Director	2/2
Datuk Johari Bin Abdul Ghani (Resigned w.e.f. 29 July 2015)	Group Managing Director	2/2
Megat Joha Bin Megat Abdul Rahman	Group Managing Director	N/A

The Remuneration Committee met twice during the course of the financial year ended 30 June 2015.

YB Datuk Johari Bin Abdul Ghani, who resigned from the Board on 29 July 2015, was a member of the Remuneration Committee up to 29 July 2015. He was replaced by Encik Megat Joha Bin Megat Abdul Rahman, who was appointed as a member of the Remuneration Committee on 29 July 2015.

2.3 Nomination Committee

The Nomination Committee comprised of three (3) members, all of whom are Independent Non-Executive Directors. Details of attendance of each individual member in respect of meetings held during the financial year ended 30 June 2015, are as follows:

Directors	Description	No. of Meetings Attended
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	Chairman, Senior Independent Non-Executive Director	3/3
Nor Hishammuddin Bin Dato' Mohd Nordin	Independent Non-Executive Director	3/3
Teh Bee Tein	Independent Non-Executive Director	3/3

The terms of reference of the Nomination Committee are as follows:

(i) To recommend to the Board for approval, candidates for all directorships indicating the criteria for the recruitment process;

(ii) To consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and/or any director or shareholder;

(iii) To recommend to the Board, directors to fill the seats on Board Committees; and

(iv) To review annually the Board's mix of skills and experience and other qualities, including core competencies which non-executive directors should bring to the Board and to be disclosed in the Annual Report.

STATEMENT ON CORPORATE GOVERNANCE
(cont'd)

2.3 Nomination Committee (cont'd)

The Nomination Committee is responsible for identifying and recommending new nominees to the Board as well as Committees of the Board. In addition, the Nomination Committee is entrusted with the task of conducting an annual review of the Board's performance as a whole as well as its individual members. It also considers the balance of the board membership and determines the core competencies and skills required of the Board in order to discharge its duties effectively.

The Nomination Committee met three (3) times during the course of the financial year ended 30 June 2015 and the main activities undertaken by the Committee were as follows:

(i) to assess the effectiveness of the Board as a whole;

(ii) to assess the performance of individual Directors;

(iii) to recommend on new candidates for appointment and re-election/re-appointment of the retiring Directors to the Board; and

(iv) to assess the independence of the Independent Directors who have served the Board for a cumulative term of more than nine (9) years and to recommend to the Board for retention as Independent Directors.

The Board's performance is measured against the criteria such as, adding value, conformance, stakeholder relationships, and performance management. The Nomination Committee met to discuss the Board effectiveness against the aforementioned criteria and collectively completed its evaluation of the Board. The Nomination Committee discussed the performance of the Board during the financial year ended 30 June 2015 and concluded that the Board of the Company has been effective in leading and advising the management of the Company. It also concluded that the Board members possess the required mix of skills and experience to fulfil their duties.

To assess the performance of individual directors, on an annual basis, each board member is given a self assessment form that covers the area such as, integrity and ethics, governance, strategic perspective, business acumen, judgement and decision making, teamwork, communication, leadership. In addition a set of guidelines helpful in the assessment of the respective board member's competency along the various areas was also distributed. The completed forms were then tabled to the Nomination Committee for its review and discussion. For the financial year ended 30 June 2015, the Nomination Committee reviewed and concluded that each board member had been competent in discharging his/her duties and responsibilities.

The Nomination Committee has developed the criteria to assess independence of the Independent Directors. The Board will apply these criteria upon admission, annually and when any new interest or relationship develops.

The Nomination Committee also assessed the independence of Independent Directors who have served the Company for a cumulative term of more than nine (9) years and made appropriate recommendations to the Board.

Subject to the approval of shareholders at the forthcoming AGM, the Nomination Committee recommended the following directors who have served the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Directors of the Company:

- Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz
- Encik Nor Hishammuddin Bin Dato' Mohd Nordin

All assessments and evaluations carried out by the Nomination Committee are properly documented.

3. DIRECTORS' TRAINING

All the Directors, including the two (2) newly appointed Directors, have attended and successfully completed the Mandatory Accreditation Programme conducted by Bursatra Sdn Bhd within the stipulated timeframe as required by the MMLR of Bursa Securities.

As an integral element of the process of appointing new Directors, the Board ensures that there is an orientation and education programme for new Board members. During the financial year under review, orientation programmes were held for the two (2) new Directors.

The Company Secretaries circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board on these updates regularly. Directors also, when necessary, receive continuing education sessions from time to time, particularly on relevant new laws and regulations and changing commercial risks.

STATEMENT ON CORPORATE GOVERNANCE
(cont'd)

3. DIRECTORS' TRAINING (cont'd)

During the financial year under review, the Directors of the Company had attended and participated in various trainings, seminars and forums organised either externally or internally by the Company in areas of finance, tax, accounting and regulatory updates. Members of the Board constantly, on their own initiatives, update themselves on the development of the aforesaid by way of reading related literatures and publications on the same.

Some of the development and training programmes attended by Directors for the financial year ended 2015 were as follows:

Director	Training Programme	Organiser	Date
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	Lead the Change : Getting Women on Boards	Pemandu	8 May 2015
	Corporate Governance : Balancing Rules and Practices	ACCA, KPMG and MSWG	11 May 2015
Megat Joha Bin Megat Abdul Rahman	Budget 2015 Tax Seminar	Messrs BDO	28 October 2014
	National Seminar on Anti-Money Laundering and Anti-Terrorism Financing	Malaysian Institute of Corporate Governance (MICG)	24 November 2014
	Tax and GST Update for the Property Development and Construction (PDC) Industry	Messrs BDO	29 April 2015
Datin Mariam Prudence Binti Yusof	i-Arbitration Conference	Kuala Lumpur Regional Centre for Arbitration (KLRCA)	8 May 2015
	Sanctions Conference	KLRCA	9 May 2015
Kasinathan a/l Tulasi	Advocacy Sessions on Corporate Disclosure for Directors	Bursa Malaysia Securities Berhad	2 July 2014
Teh Bee Tein	Malaysian Private Entities Financial Reporting Standards (MPERS) – An Overview and Practical Approach	Malaysian Institute of Accountants (MIA)	10 & 11 July 2014
	Corporate Governance Statement Reporting Workshop	Securities Industry Development Corporation	19 August 2014
	2014 MASB Roundtable on Financial Reporting	Malaysian Accounting Standards Board	21 October 2014
	2015 Budget Seminar	MIA	27 October 2014
	MIA International Accountants Conference 2014	MIA	4 & 5 November 2014
	Goods & Services Tax (GST) – A preparatory Course for GST Consultants and Accounts – Session 1 – Session 2	MIA	14, 15 & 16 November 2014 21, 22 & 23 November 2014
Nor Hishammuddin Bin Mohd Nordin	GST and Business Contracts	Kuala Lumpur Bar Committee	9 March 2015

The Board acknowledges that continuous education programmes are important to enable the Directors to effectively discharge their duties. The Board will, on a continuous basis, evaluate and determine the training needs of its Directors.

STATEMENT ON CORPORATE GOVERNANCE
(cont'd)

4. DIRECTORS' REMUNERATION

The Remuneration Committee is responsible for reviewing and recommending to the Board the remuneration framework for Executive Directors including making recommendations to the Board for all elements of remuneration, terms of employment, reward structures and fringe benefits for Executive Directors. Any salary review takes into account market rates and the performance of the individual and the Group.

The remuneration package of Non-Executive Directors is also reviewed by the Remuneration Committee and recommended to the Board thereafter. The Non-Executive Directors' remuneration comprises annual fees that reflect their expected roles and responsibilities, including any additional work and contributions required.

The determination of the remuneration of each Director is a matter for the Board as a whole. Directors do not participate in decision regarding their own remuneration package.

All non-executive Directors are paid fixed annual director fees as members of the Board. In addition to fixed annual director fees, all non-executive Directors are paid a meeting attendance allowance of RM1,000 for each Board and Committee meetings attended.

All Directors' remuneration are paid out of the Company unless otherwise stated. Details of the aggregate remuneration of Directors, including non-executive Directors during the financial year ended 30 June 2015, with categorisation into appropriate components and the number of Directors whose remuneration falls into each successive bands of RM50,000 are as follows:

	Salary[1] RM'000	Bonus[2] RM'000	Leave Passage RM'000	Allowance RM'000	Benefit-in-Kind RM'000	Directors' Fees RM'000	Total RM'000
Executive							
YB Datuk Johari Bin Abdul Ghani (Resigned on 29 July 2015)	551	90	50	120[3]	4	–	815
Megat Joha Bin Megat Abdul Rahman	408	67	–	36	21	–	532
Fung Heen Choon	580	–	–	–	–	–	580[4]
Lee Cheang Mei (Alternate Director to Fung Heen Choon)	580	–	–	–	–	–	580[4]
Dato' Sukumaran s/o Ramasamy (Appointed on 10 June 2015)	–	–	–	–	–	–	–
Dato' Tan Fok Wah (Alternate Director to Dato' Sukumaran s/o Ramasamy) (Appointed on 10 June 2015)	16	23	–	–	–	26	65[4]
Sub-Total	2,135	180	50	156	25	26	2,572
Non-Executive Directors							
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	–	–	–	7	–	25	32
Nor Hishammuddin Bin Dato' Mohd Nordin	–	–	–	17	–	20	37
Datin Mariam Prudence Binti Yusof	–	–	–	4	–	20	24
Teh Bee Tein	–	–	–	16	–	20	36
Kasinathan a/l Tulasi	–	–	–	7	–	20	27
Sub-Total	–	–	–	51	–	105	156
Total	2,135	180	50	207	25	131	2,728

STATEMENT ON CORPORATE GOVERNANCE
(cont'd)

4. DIRECTORS' REMUNERATION (cont'd)

[1] *Inclusive of Company's contribution to employee provident fund.*

[2] *Bonus for the financial year ended 30 June 2015 inclusive of employee provident fund.*

[3] *Car allowance in lieu of provision of company car.*

[4] *Mr. Fung Heen Choon, Ms. Lee Cheang Mei and Dato' Tan Fok Wah are executive directors of the subsidiaries and their remuneration are paid out of such subsidiaries.*

RM	Executive Directors	Non-Executive Directors	Total
50,000 and below		5	5
50,001 – 100,000	1		1
500,001 – 550,000	1		1
550,001 – 600,000	2		2
800,001 – 850,000	1		1

(The above disclosures include all Directors who held office during the financial year)

5. SHAREHOLDERS COMMUNICATION AND INVESTORS RELATION

5.1 Communications between the Company and Investors

The Board acknowledges the need to communicate with shareholders on all material business matters affecting the Group. Thus, the Company communicates with its shareholders, institutional investors and investing public at large through a number of readily accessible channels such as corporate announcements made through Bursa Securities, press release, analyst briefings, annual reports, its corporate website as well as through its AGM.

The Company is also an active member of the Malaysian Investor Relations Association. The membership enables the Company to continuously enhance and improve its investor relations practices by having access to information such as industry bulletins, newsletters, conferences and surveys.

In addition, the Board also ensures timely release of financial results in order to provide its shareholders with an overview of the Group's financial and operational performances. Both annual and quarterly reports have also been published significantly ahead of time over the past years.

Release of Annual Reports	Date of Issue	Deadline Imposed by Bursa Securities
Annual Report 2012	3 October 2012	31 October 2012
Annual Report 2013	17 October 2013	31 October 2013
Annual Report 2014	9 October 2014	31 October 2014
Annual Report 2015	26 October 2015	31 October 2015

Release of Quarterly Reports	Date of Announcement	Deadline Imposed by Bursa Securities
Q1 Quarterly Report 2015	14 November 2014	30 November 2014
Q2 Quarterly Report 2015	11 February 2015	28 February 2015
Q3 Quarterly Report 2015	6 May 2015	31 May 2015
Q4 Quarterly Report 2015	26 August 2015	31 August 2015

The Company has also taken steps to move beyond minimum reporting by providing shareholders with the addition of a new section for financial analysis in the notes of quarterly results.

STATEMENT ON CORPORATE GOVERNANCE
(cont'd)

5.2 Annual General Meeting

The AGM remains the principal forum for communication and dialogue with shareholders in which the Board reports on its stewardship to the shareholders and accounts for the Group's performance. It also provides the opportunity for interaction amongst shareholders, Directors and Management where the shareholders are encouraged to participate in the question and answer sessions. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf without being constrained by the two-proxy rule.

Notice of the AGM and Annual Report was sent to the shareholders 28 days before the date of the meeting. The Board has ensured each item of special business included in the notice of meeting is accompanied by an explanatory statement on the effects of the proposed resolution.

Details of the results of AGM voting are announced to Bursa Securities and published on the investor relations section of our corporate website.

Members of the Board and key management of the Company as well as the external auditors of the Company are available to respond to shareholders' questions during the meeting. The Board encourages other channels of communication with shareholders. For this purpose, the Board has identified Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz as the Senior Independent Non-Executive Chairman to whom queries or concerns regarding the Group may be conveyed. Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz can be contacted via the following channels:

Post : Suite A-11-1, Level 11, Hampshire Place Office, 157 Hampshire, No. 1, Jalan Mayang Sari,
50450 Kuala Lumpur.

Fax : 03-2166 7208

Email : info@cih.com.my

5.3 Dividend

Since the Company has just ventured into the edible oil business and has achieved profitability during the financial year under review, the Board does not recommend payment of dividend for the financial year ended 30 June 2015.

5.4 Website

The Company strives to ensure that current shareholders, potential future shareholders, financial community and the general public would have an easy and convenient access to the Group's financial and corporate information via its website at http://www.cih.com.my.

6. ACCOUNTABILITY AND AUDIT

6.1 Financial Reporting

The Board aims to present a balanced and comprehensive assessment of the Group's financial performance and prospects to the shareholders, investors and regulatory authorities, primarily through the annual financial statements, quarterly financial results announcements and Chairman's Statement in the Annual Report.

Quarterly financial results and annual financial statements are reviewed and deliberated by the Audit Committee to ensure the quality of financial reporting and adequacy of such information, prior to submission to the Board for its approval. The Audit Committee also reviews the appropriateness of the Company's and the Group's accounting policies and the changes to these policies.

Ms. Teh Bee Tein who has accounting & finance qualification and a member of the Malaysian Institute of Accountants (MIA) is the Chairman of the Audit Committee.

6.2 Risk Management and Internal Control

The Directors acknowledge their responsibility for the Group's system of internal control and the need to review its effectiveness regularly via the Company's Internal Audit Department as to safeguard the interests of stakeholders. Additionally, to ensure that the independence of the Internal Audit Department is preserved, the Head of Internal Audit Department reports directly to the Audit Committee.

STATEMENT ON CORPORATE GOVERNANCE
(cont'd)

6.2 Risk Management and Internal Control (cont'd)

The roles and responsibilities of the Internal Audit Department are as follows:

(i) Conduct independent reviews of management control systems and practice as a basis for identifying ways of improving efficiency, effectiveness and minimising financial risk;

(ii) Review the adequacy of systems and procedures established by Management to safeguard assets and provide appropriate recommendations for improvement;

(iii) Ascertain the extent of compliance with established policies, procedures and statutory requirements;

(iv) Appraise the adequacy, integrity, security, reliability and usefulness of management information systems/ computer systems;

(v) Generate awareness of risk management effective control techniques throughout the organisation; and

(vi) Provide internal consultancy services to management.

Further details of the Group's system of internal controls are set out in the Statement on Risk Management & Internal Control on pages 34 to 35 of this Annual Report.

6.3 Related Party Transactions

The Group has in place procedures to ensure that the Company meets its obligations under the MMLR of Bursa Securities relating to related party transactions.

A list of related parties within the Group is disseminated to the various subsidiaries to determine the number and type of related party transactions. All related party transactions are then reviewed by the Internal Auditors and a report on the reviews conducted is submitted to the Audit Committee for its review and monitoring on a quarterly basis. The report on the related party transactions enter into by the Group for the year under review are then escalated to the Board of Directors for their notation.

6.4 Relationship with the Auditors

The Board maintains a transparent and professional relationship with the Company's Auditors both internal and external, through the Audit Committee. The Board, through the Audit Committee, seeks the external auditors' professional advice in ensuring compliance with the provisions of the Companies Act, 1965 and applicable accounting standards in Malaysia.

The Audit Committee meets regularly with the external auditors to discuss the audit plan, scope of audit before the commencement of audit, annual financial statements, and audit findings and make recommendations to the Board for approval. The Audit Committee also undertakes an annual assessment of the suitability and independence of the external auditors. Having satisfied with their performance, the Audit Committee will recommend their re-appointment to the Board, upon which the shareholders' approval will be sought at the AGM.

The details of audit fee payable and non-audit fee paid or payable to the External Auditors for the financial year ended 30 June 2015 are set out below:

	RM'000	% of Total Fees Paid/Payable
Audit fee payable to Messrs BDO	205	94
Non-audit fee paid/payable to Messrs BDO	13	6
Total	218	100

Non-audit fee paid/payable to the external auditors, being 6% of the total fees paid/payable to the external auditors is well below the guidelines set for the mix of audit/non-audit fees to maintain independence of the external auditors.

A summary of the activities of the Audit Committee during the year as well as the role of the Audit Committee in relation to the external auditors and internal auditors are set out in the Audit Committee Report on pages 27 to 31 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE
(cont'd)

6.5 Relationship with the Management

The Board maintains a close and transparent relationship with all management staff. The Board is furnished with information relating to the running of the Group's operations through various reports prepared by the management staff. This will allow them to understand the operations better and make decisions in steering the Company towards a profitable business. In addition, the Group Managing Director and/or Executive Directors also held frequent monthly management meetings with the management staff in order to discuss and plan the Group's operations.

Management seeks the Board's approval for significant changes in strategic direction, major capital expenditure items, major acquisition or divestitures as well as any other material issues.

All Directors have independent and separate access to the advice and services of the Company Secretaries.

7. CODE OF ETHICS

7.1 Code of Conduct

The Company is committed to the highest standards of ethics and business conduct and has set in place a code of conduct which governs employees conduct and behaviour in carrying out their duties and responsibilities in the day-to-day business operations. The code of conduct outlines minimum standards expected of employees in dealing with conflicts of interest, supplier relationships, interests in competitors, external businesses or activities, transactions with the Company, use of the Company's property or information, disclosure of information, personal or romantic relationships, laws and regulations, condonation, business records, illegal or questionable payments and supplier obligations.

7.2 Whistle Blowing Policy

In addition to the Code of Conduct, a Whistle Blowing Policy is in place. The existence of the whistle blower policy provides a mechanism and offers protection for employees to report matters such as financial malpractice or impropriety or fraud, failure to comply with legal obligations or statutes, dangers to health and safety or the environment, criminal activity, improper conduct or unethical behaviour or any attempts to conceal any of the above. The protection of the employee who reports breaches and non-compliances is in line with the Public Interest Disclosure Act which came into effect in 1999. The policy is disseminated to subsidiaries and is available for access by employees.

8. STATEMENT OF COMPLIANCE WITH THE RECOMMENDATION OF THE CODE

The Board considers that the Group has complied with the Code throughout the financial year ended 30 June 2015.

This Statement was approved by the Board of Directors on 7 October 2015.

AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the Audit Committee Report and its activities held throughout the financial year ended 30 June 2015 in compliance with Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

1. MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee currently comprises the following members, all of which are Independent Non-Executive Directors. In accordance with corporate governance best practice, the Audit Committee Chairman has the necessary accounting and finance qualification. A summary of their respective attendance at the Audit Committee meetings held during the financial year are as follows:

Member	Total Meetings Attended	Percentage (%)
Teh Bee Tein (MIA 3454) – Chairman Independent Non-Executive Director	5/5	100.0%
Nor Hishammuddin Bin Dato' Mohd Nordin – Member Independent Non-Executive Director	5/5	100.0%
Kasinathan a/l Tulasi – Member Independent Non-Executive Director	3/5	60.0%

The Audit Committee held five (5) meetings during the financial year ended 30 June 2015. The Group Managing Director, the Executive Director and the Head of Internal Audit attended the Audit Committee meetings upon invitation. Other senior management personnel of the Group also attended the meetings upon invitation by the Audit Committee, as and when necessary. The Company's external auditors attended three (3) meetings during the financial year where they were invited to discuss matters relating to the statutory audit. They were also given the opportunity to raise areas of concern without the presence of the Management.

The Chairman of the Audit Committee undertakes a continuing process of engagement with the senior executives of the Company and the Group as well as the external auditors so that the Audit Committee is kept up-to-date with all important issues affecting the Company and the Group.

During the year, the Audit Committee members attended conferences, seminars and training programmes relevant to their roles and responsibilities. Details of the training attended by the Audit Committee members are disclosed on page 21 of the Annual Report.

The Audit Committee has the authority to examine specific issues and report to the Board with its' recommendation. The final decision on all matters, however, lies with the entire Board of the Company.

2. TERMS OF REFERENCE

The Terms of Reference of the Audit Committee as approved by the Board are as follows:

2.1 Composition

The Audit Committee shall be appointed by the Board from amongst its directors and shall consist of not less than three (3) in numbers. All members of the Audit Committee must be non-executive directors, a majority of whom shall be independent directors.

No alternate director is appointed as a member of the Audit Committee.

In the event of any vacancy in the Audit Committee resulting in the number of members reduced to below three (3), the Board shall within three (3) months appoint a new member to fill the vacancy.

AUDIT COMMITTEE REPORT
(cont'd)

2.2 Membership

At least one (1) member of the Audit Committee:

(a) must be a member of the Malaysian Institute of Accountants; or

(b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:

(i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or

(ii) he must be a member of one (1) of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or

(c) must have a degree/master/doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance; or

(d) must have at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation; or

(e) possess such other requirements relating to financial-related qualifications or experience as prescribed or approved by Bursa Malaysia Securities Berhad.

2.3 Chairman

The members of the Audit Committee shall elect a Chairman from among their members who shall be an independent non-executive director.

2.4 Quorum

The quorum of the Audit Committee meeting shall not be less than two (2), the majority of whom shall be independent non-executive directors.

2.5 Meeting

(a) the Audit Committee shall have at least four (4) meetings in a financial year and such additional meetings as the Chairman shall decide in order to fulfil its duties;

(b) the Audit Committee meeting shall be chaired by the Chairman; or in his absence, another member who is an independent non-executive director nominated by the Audit Committee;

(c) the Company Secretary shall act as Secretary of the Audit Committee and shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting;

(d) the Secretary of the Audit Committee shall be entrusted to record all proceedings of meetings;

(e) the Audit Committee may invite any Board member or any member of the senior management or any employees within the Company or the Group to attend any particular Audit Committee meeting; and

(f) the Audit Committee shall report to the full Board from time to time, its recommendation for consideration and implementation and the final decision shall be the responsibility of the Board.

2.6 Voting and Proceeding of Meeting

The decision of the Audit Committee shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote. Provided that where two (2) members form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question in issue, the Chairman shall not have a casting vote.

Circular resolutions signed by all the members shall be valid and effective as if it had been passed at a meeting of the Audit Committee.

AUDIT COMMITTEE REPORT
(cont'd)

2.7 Minutes

(a) The Audit Committee shall cause minutes to be duly recorded and entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Audit Committee. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

(b) Minutes of the Audit Committee meetings will be made available to all Board members. A summary of significant matters of each meeting of the Audit Committee and resolutions (if any) will be reported to the Board by the Chairman of the Audit Committee.

(c) The books containing the minutes of proceedings of any meeting of the Audit Committee shall be kept by the Company at the registered office of the Company, and shall be opened for the inspection of any member of the Audit Committee and the Board.

2.8 Authority

The Audit Committee shall have, in accordance with a procedure to be determined by the Board and at the cost of the Company:

(a) the authority to investigate any matter within its terms of reference;

(b) the resources which are required to perform its duties;

(c) full and unrestricted access to any information, records, properties and personnel of the Company and of the Group;

(d) direct communication channels with the external auditors and internal auditors;

(e) the right to obtain independent professional or other advice and to invite any person with relevant experience and expertise to attend the Audit Committee meeting whenever deemed necessary; and

(f) the right to convene meeting with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

2.9 Functions and Responsibilities

The functions and responsibilities of the Audit Committee shall include the following:

(a) to consider the appointment, resignation and dismissal of external auditors and make appropriate recommendations to the Board (including the audit fees);

(b) to review with the external auditors of the Company:

- (i) the audit plan;
- (ii) the audit report;
- (iii) their management letter and management's response; and
- (iv) the assistance given by the employees of the Company and the Group to the external auditors.

(c) to discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss (in the absence of management where necessary);

(d) to review and consider the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;

(e) to review the internal audit programme, processes, the reports prepared by the internal audit department and to ensure that appropriate action is taken on the recommendations of the internal audit function;

(f) to review any appraisal or assessment of the performance of members of the internal audit function;

(g) to approve any appointment or termination of senior members of the internal audit function;

(h) to be informed of any resignation of internal audit staff and provide an avenue for resigning staff to explain or submit the reasons for resignation;

AUDIT COMMITTEE REPORT
(cont'd)

2.9 Functions and Responsibilities (cont'd)

(i) to review the quarterly financial results and annual audited financial statements of the Group before recommending the same for the Board's approval, focusing particularly on:

(i) compliance with accounting standards and any other legal requirements;

(ii) any changes in or implementation of accounting policies and practices;

(iii) significant and unusual events and adjustments arising from the audit; and

(iv) the going concern assumption.

(j) to review any related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that may raise questions on management integrity;

(k) to consider the reports, major findings and management's responses thereto on any internal investigations carried out by internal audit function;

(l) to verify, on an annual basis, the allocation of options under a share scheme for employees to ensure compliance with the allocation criteria determined by the Company's share option committee and in accordance with the By-Laws of the relevant option scheme;

(m) to promptly report to Bursa Malaysia Securities Berhad of a matter reported by the Audit Committee to the Board of Directors which has not been satisfactorily resolved resulting in a breach of the Listing Requirements; and

(n) such other functions or responsibilities as may be agreed to by the Audit Committee and the Board.

2.10 Review of the Audit Committee

The Board of the Company shall review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

3. ACTIVITIES OF THE AUDIT COMMITTEE

The main activities undertaken by the Audit Committee during the financial year under review were as follows:

Financial and Operations Review

(a) Reviewed the quarterly financial reports and the annual audited financial statements; and

(b) Reviewed the application of corporate governance principles and the extent of the Group's compliance with the recommendations set out in the Malaysian Code of Corporate Governance 2012 in conjunction with the preparation of the Corporate Governance and Risk Management and Internal Control Statements.

External Audit

(a) Reviewed and approved the external auditors' scope of work and audit plan;

(b) Reviewed with the external auditors the approved accounting standards applicable to the financial statements of the Group and the Company;

(c) Reviewed with the external auditors the results of the audit, the audit report including management's responses on matters highlighted in the report;

(d) Reviewed the conduct, suitability, independence and considered the remuneration and re-appointment of the external auditors; and

(e) Held independent meetings (without the presence of Management) with the external auditors on significant findings in the course of their audit on the Group.

AUDIT COMMITTEE REPORT
(cont'd)

3. ACTIVITIES OF THE AUDIT COMMITTEE (cont'd)

Internal Audit

(a) Reviewed and approved the internal audit team's scope of work and audit plan;

(b) Reviewed the Audit Committee Report for inclusion in the Annual Report 2015;

(c) Reviewed the Statement of Risk Management and Internal Control for inclusion in the Annual Report 2015;

(d) Reviewed the internal audit reports and reported to the Board on relevant issues; and

(e) Held independent meetings (without the presence of Management) with the internal auditors on significant findings in the course of their audit.

Related Party Transactions

The Audit Committee reviewed all related party transactions entered into by the Company and the Group to ensure that such transactions are undertaken on normal commercial terms and that internal control procedures employed are both sufficient and effective.

4. INTERNAL AUDIT FUNCTION

The internal audit function of the Group is performed in-house and acts independently on the activities and operations of other operating units. Its principal role is to undertake independent, regular and systematic reviews of the internal control system so as to provide reasonable assurance that the system continues to operate satisfactorily and effectively. The costs incurred for the internal audit function in respect of the financial year ended 30 June 2015 was RM257,100 (financial year ended 30 June 2014: RM244,500).

During the financial year under review, the internal auditors reviewed and assessed the operational procedures and effectiveness of internal control on all the subsidiaries of the Group. Compliance tests had also been conducted to ascertain the extent of compliance with control procedures and guidelines.

The Group Internal Audit undertakes internal audit function based on the internal audit plan. Other than the scheduled reviews, the Group Internal Audit may undertake special assignments outside the normal scope of its daily activities. Findings and recommendations for improvement as well as Management's response were presented to the Audit Committee and the Board for further deliberation.

During the internal audit process, there were no material internal control failures or significant issues discovered during the financial year under review.

CORPORATE RESPONSIBILITY STATEMENT

The Board of Directors of the Company views Corporate Responsibility ("CR") as an integral part of its businesses and places realises the need to maintain the balance between the Company's economic, social, environmental responsibilities and the interests of the Company's shareholders and various stakeholders. The Company and its subsidiaries (the "Group") track its CR activities on a quarterly basis to ensure its progress towards the Group's CR goals.

The Group is committed to its CR practices and aims to give a positive impact in the marketplace, workplace, community and environment. The Group's continuation of its CR efforts and activities during the financial year are summarised as follows:

1. MARKETPLACE

1.1 Product Responsibility

The Group always prioritise its customers' satisfactions by continually offering a broad, balanced and compelling portfolio of products and brands tailored to its customer needs.

The Group's range of tap wares for hospitals have been upgraded to incorporate the built in Agion anti-microbial protection – a distinct advantage over other competitors that do not have such features. Coupled with the custom made medical stainless steel sinks, the Group has penetrated and expanded the sales of its hospital products into the local hospital industry that was previously dominated by a few major players.

During the year of review, the Group's business has also grown to export markets such as in the Philippines where the health industry is growing rapidly due to the increases in population, per capita income and medical care spending.

The Group's sole distributorship obtained for exclusive European sanitary fittings and wares brands such as Damixa (Denmark), Azzura (Italy) and Nikles (Switzerland), has enabled it to go in for high-end development projects. The respective brands' products are innovative with designs that have won the prestigious international 'Red Dot' Award. This is an important factor in the acceptance and choice of interior designers and architects for their high-end projects.

With the implementation of affordable housing schemes throughout Malaysia such as the PR1MA, PPA1M and other similar development offered by Syarikat Perumahan Negara Berhad (SPNB) and Jabatan Perumahan Negara (JPN); there is a potential for cheaper tap wares for such projects. The Group's venture into the plastic tap products (DOE Tech brand) meet these requirements; and has since been successful in penetrating this sector. Although the prices of the products are kept fairly low, the quality has not been compromised.

In order to ensure product quality is maintained at a high level, the Group has been producing a wide range of eco-friendly products to conserve water and energy, and to cater to the fast-growing demand of such products. These products meet the requirements set out by green rating tools such as Green Building Index (GBI), BCA Greenmark and LEED.

Tap wares and mixers produced by the Group comply with British Standard BS EN200:2008 (one of the world's highest standard) ensuring good durability and performance. Meanwhile, the Group's range of sanitary wares products comply with Malaysian Standards MS795, MS1522 and MS147 and in accordance to statutory requirements.

Our tap and sanitary wares are registered and meet the requirements of Suruhanjaya Perkhidmatan Air Negara (SPAN), and are therefore approved to be used throughout Malaysia. Selected water-efficient taps and low-flushing capacity cisterns (WC) are labelled with the recently launched Malaysian Water-Efficiency Product Labelling Scheme (MWEPLS), so as to provide consumers with the detailed information on the water-saving features of the products.

Meanwhile, the Edible Oil Products division has long been accorded with various accreditations such as the ISO, Good Manufacturing Practices ("GMP"), Hazard Analysis and Critical Control Points ("HACCP"), HALAL, KOSHER, MeSTI and Phytosanitary Certifications.

The Group carries out periodic price benchmarking to ensure our products remain competitive.

1.2 Stakeholder Engagement

In order to enhance stakeholder's value, the Group aims to optimise its business processes, conduct effective management and comply with good corporate governance. An effective two-way communication with the stakeholders is important in fostering strong relationships, thus ensuring all needs and concerns are addressed in a timely and efficient manner.

To manage customer's various expectations, each customer is allocated a sales representative. The Group and its operating divisions disseminate information and engage with the general public via dedicated websites. All feedbacks are taken care by the relevant head of department for further action and are promptly addressed.

CORPORATE RESPONSIBILITY STATEMENT
(cont'd)

1.2 Stakeholder Engagement (cont'd)

The Group conducts customer satisfaction survey annually via sessions with all its major customers to gauge their feedbacks and the areas covered in the survey include products/services, sales personnel, delivery and documents (technical and commercial).

The Group also continuously engages with its suppliers and where possible source materials from local suppliers.

The Group is also a proud member of the Federation of Public Listed Companies Berhad, Malaysian Employers Federation, Federation of Malaysian Manufacturers, Master Builders Association Malaysia, Quality Restroom Association of Malaysia, Industry Confederation Partner of Malaysian Green Building Council, Malaysia External Trade Development Corporation and many organisations in order to keep abreast of latest developments and best practices of the property development and palm oil industry.

2. WORKPLACE

The Group ensures its employees' welfare and personal development are taken care of by providing them with a rewarding, healthy, safe and fair workplace, in accordance to Malaysia Employment Act 1955 and their collective agreement.

The Health and Safety Committee, who is responsible to ensure a safe and healthy working environment, has prepared safety policies and ensured effective implementation of the said policies. Our health and safety officer is certified by the National Institute of Occupational Safety and Health (NIOSH). The committee has also conducted the Chemical Health Risk Assessment (CHRA) for the next five years as well as the new Noise Mapping according to Occupational Safety and Health Act 1994. All Group employees are trained on the necessary safety procedures and provided with all necessary safety and protective equipment. Safety checks of the equipment are also conducted on a regular basis.

To the best of the Group's knowledge, there has been no report on injury or accident at the work place during the year under review.

The Group continuously provides equal opportunity employment, with all ethnic groups fairly represented. As at 30 June 2015, the Group's staff ethnic composition is 28.10 percent Malay, 21.57 percent Chinese, 11.44 percent Indian and 38.89 percent others.

3. COMMUNITY

The Group is committed to positively contribute to the general welfare of the community such as making contribution to Eco World Foundation, a foundation set up to undertake humanitarian projects and donating to the Montfort Youth Training Centre that teaches living skills.

4. ENVIRONMENT

The Group ensures that it actively minimises the impact its business operations have on the environment and manages them in the following areas: raw material and energy utilisation, waste management and supply chain optimisation.

In order to reduce raw material wastage and/or utilisation, the Group implements an ongoing product wastage elimination programme, as well as product and packaging design optimisation. It also specifies recycled packaging products. Through optimisation of its production processes, the Group also aims to conserve/reduce energy and production inputs. These waste management programmes are in accordance with the regulations of the Department of Environment.

The Group also promotes its extensive range of water conservation products to help its customers conserve water and energy, which conform to Malaysia's Green Building Index (GBI) and Singapore's Water Efficiency Labelling Scheme (WELS).

On the supply chain management front, the Group prioritises suppliers who are ISO 14000 (Environmental Management System; EMS) certified.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

This Statement on Risk Management and Internal Control is made in accordance with paragraph 15.26 (b) of Bursa Malaysia Securities Berhad Listing Requirements and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, which requires Directors of listed companies to include a statement in their annual reports on the state of their risk management and internal controls.

The Board of Directors (the "Board") of C.I. Holdings Berhad is pleased to present the Statement on Risk Management and Internal Control of the Group for the financial year ended 30 June 2015.

2. THE BOARD'S RESPONSIBILITY

The Board acknowledges its overall responsibility to maintain a sound system of internal controls and effective risk management practices in the Group to safeguard shareholders' investment and the Group's assets. The Board continuously ensures the adequacy and integrity of the overall internal control system for the Group.

However, as in any system of internal control, it is designed to manage rather than to eliminate the risk of failure to achieve the Group's business objectives and therefore, it can only provide reasonable assurance but not absolute assurance against material misstatement, loss or fraud.

3. RISK MANAGEMENT

The Group established a formal risk management framework in year 2004 which enabled the management and the Board to share a common model for the effective communication and evaluation of all principal risks and controls. The Risk Framework covers a broad variety of risks, including but not limited to business continuity issues, governance issues, financial issues and operational issues.

The Risk Management Committee ("RMC") comprises six (6) members, out of which four (4) are appointed representatives from the Board, two (2) of which are Independent Non-Executive Directors. The Chairman of the RMC is an Independent Non-Executive Director. The others are representatives from the various operating subsidiaries. The roles and responsibilities of the RMC include the following:

(a) To formalise the Group's Risk Management Policy including objectives, strategy and scope of risk management activities as well as to ensure the strategy, framework and methodology have been implemented and consistently applied.

(b) To ensure that a well-structured and systematic process exists for the comprehensive identification, assessment and management of risks faced by the Group.

(c) To ensure that risk management process and culture are embedded throughout the Group.

(d) To ensure that appropriate reporting and feedback are received from management and reporting to the Board on the Group's risk profile and any major changes to the risk profile.

A Risk Manager was appointed to administer the Risk Management Framework. Under the Risk Management Framework, for each risk, the root cause is first identified, then the consequence is ascertained and the risk is then classified into either controllable or inherent. Each risk is then assigned two risk scores; one measures the impact and the second measuring the likelihood. These scores are used to determine a risk grade. Finally, control measures and action plans to manage, minimise or mitigate the risks are then identified. All the above mentioned are recorded and updated in the Risk Register which is then used to develop a risk profile for each company.

The Risk Manager works in conjunction with the management of each subsidiary to work through the Risk Management Framework and updates the Risk Register. The results of this exercise are then reported to the RMC, which meets on a half yearly basis. The RMC reviews and discusses the risk profiles of the various subsidiaries, taking special note of any changes and developments, the existing controls, action plans in place to manage the risks and any further actions necessary. The RMC then reports to the Board on a half yearly basis.

In addition, the Group Managing Director and/or Executive Director conduct meetings with senior management of all subsidiaries within the Group on a monthly basis. Amongst others, the key risks facing the respective subsidiaries are discussed and monitored.

Furthermore, the Board has assigned to the Audit Committee the duty of reviewing and monitoring the effectiveness of the Group's internal control system, a critical element of effective risk management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

4. INTERNAL AUDIT FUNCTION

The Group has an internal audit function whose primary responsibility is to assure the Board, through the Audit Committee, that the internal control systems are functioning as intended. In providing this assurance, the Internal Audit Department carries out regular audit activities in accordance with its annual audit plan to review the adequacy and integrity of internal control systems and to identify opportunities for improvement in operational efficiency. The Audit Committee reports to the Board on its activities, significant audit results or findings and necessary recommendations or actions needed to be taken by management to rectify those issues.

The Group's Internal Audit Department performs operational and compliance audits to ensure efficiency of operation process and effectiveness of internal controls as well as adherence to the Company's policy, procedures and guidelines. The Group's in-house ISO Audit Team conducts internal quality audit twice a year in accordance to ISO 9001:2008.

The Internal Auditors perform their tasks in accordance to International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors Malaysia, which apply and uphold the following principles and rules of conduct:

- Integrity
- Objectivity
- Confidentiality
- Competency

5. OTHER KEY ELEMENTS OF INTERNAL CONTROL

The Board has put in place other internal control measures including:

(a) An organisation structure with key responsibilities clearly defined for the Board, committees of the Board and the executive management of the Group's operating business units.

(b) Authorisation limits established to provide a functional framework of authority for approving expenditures.

(c) The requirement for each operating business unit to provide a comprehensive annual budget for the Board's approval.

(d) Monthly reporting of each operating business unit's performance.

(e) The Board's review of quarterly reports on each operating business unit.

(f) The human resources function that coordinates the employees' training and development programmes as well as occupational health and safety programmes at all levels to enhance competency, work quality, ability and safety.

(g) An enterprise business application software which incorporates several in-built system controls, where upgrades/updates are implemented when necessary, to assist the management in achieving various internal control objectives.

(h) Data and internal technology policy such as E-mail & Internet Access Policy and System & Data Security Policy. In addition, the Group has also put in place a back-up system and disaster recovery plan.

(i) The clear documentation and regular review of policies and procedures regulating financial and operating activities.

(j) The comprehensive Employee Handbook and Code of Conduct is in place to ensure employees observe prescribed standard of business ethics when conducting themselves at work and in their relationship with external parties.

(k) A Whistle Blowing Policy has been put in place to help ensure conformance to the guidelines set out in the Employee Handbook and Code of Conduct by enabling the employees of the Company to raise concerns in a responsible and effective manner. The Whistle Blowing Policy covers concerns such as; financial malpractice or impropriety or fraud, failure to comply with legal obligations or statutes, dangers to health and safety or the environment, criminal activity, improper conduct or unethical behaviour or any attempts to conceal any of the above. In addition, the policy outlines safeguards for the whistle blower including protection and confidentiality. Furthermore, the process for making a disclosure and the process of investigating an allegation are also outlined in the policy.

(l) Task force unit had been established for specific activities such as disposal of old stocks and promotion of special range launches.

(m) Management of individual subsidiaries and business divisions are continuously assessing for risks within their business environment and formulate mitigating strategies and/or corrective actions to minimise risks.

6. CONCLUSION

The Board is of the opinion that the system of internal control, which is reviewed on an ongoing basis, is adequate for the Group to manage its risks and to achieve its business objectives. During the financial year, there was no major breakdown in internal controls that caused any material losses.

DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 (CA) to prepare financial statements for each financial year in accordance with Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards (IFRSs), and the requirements of the CA in Malaysia and the Main Market Listing Requirements.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

- Adopted appropriate accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Prepared financial statements on a going concern basis as the Directors have reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors acknowledge the responsibility for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company which enable them to ensure that the financial statements comply with the Companies Act, 1965 and applicable approved accounting standards.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group, to prevent and detect fraud and other irregularities.

DIRECTORS' REPORT
and
AUDITED FINANCIAL STATEMENTS

CONTENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	13,093	191
Attributable to:		
Owners of the parent	12,250	191
Non-controlling interests	843	–
	13,093	191

DIVIDEND

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year. The Directors do not recommend any payment of dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

DIRECTORS

The Directors who have held office since the date of the last report are:

Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz
Megat Joha Bin Megat Abdul Rahman
Datin Mariam Prudence Binti Yusof
Fung Heen Choon
Kasinathan a/l Tulasi
Teh Bee Tein
Nor Hishammuddin Bin Dato' Mohd Nordin
Lee Cheang Mei (Alternate to Fung Heen Choon)
Dato' Sukumaran s/o Ramasamy (Appointed on 10 June 2015)
Dato' Tan Fok Wah (Alternate to Dato' Sukumaran s/o Ramasamy) (Appointed on 10 June 2015)
Y.B. Datuk Johari Bin Abdul Ghani (Resigned on 29 July 2015)

DIRECTORS' REPORT
(cont'd)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporation during the financial year ended 30 June 2015 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

	Number of ordinary shares of RM0.50 each			
	Balance at 1.7.2014/ * Date of appointment	Bought	Sold	Balance at 30.6.2015
Shares in the Company				
Direct interests:				
Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	160,000	100,000	–	260,000
Megat Joha Bin Megat Abdul Rahman	1,000,000	–	–	1,000,000
Fung Heen Choon	10,259,000	–	–	10,259,000
Lee Cheang Mei	10,515,000	–	–	10,515,000
Dato' Sukumaran s/o Ramasamy*	–	222,900	–	222,900
Dato' Tan Fok Wah*	–	248,200	–	248,200
Indirect interests:				
Y.B. Datuk Johari Bin Abdul Ghani	53,000,000	–	–	53,000,000
Datin Mariam Prudence Binti Yusof	34,344,900	–	–	34,344,900
Teh Bee Tein	126,900	104,000	–	230,900

	Number of ordinary shares of RM1.00 each			
	Balance at 1.7.2014/ * Date of appointment	Bought	Sold	Balance at 30.6.2015
Shares in the subsidiary Palmtop Vegeoil Products Sdn. Bhd.				
Direct interests:				
Dato' Sukumaran s/o Ramasamy*	2,475,000	–	–	2,475,000
Dato' Tan Fok Wah*	3,025,000	–	–	3,025,000

By virtue of their interests in the ordinary shares of the Company, Y.B. Datuk Johari Bin Abdul Ghani and Datin Mariam Prudence Binti Yusof are also deemed to be interested in the ordinary shares of all the subsidiaries to the extent the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in ordinary shares and options over ordinary shares in the Company or ordinary shares, options over ordinary shares and debentures of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than transactions entered into in the ordinary course of business with companies in which certain Directors of the Company have substantial financial interests as disclosed in Note 34 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REPORT
(cont'd)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there are no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

(ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT
(cont'd)

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 15 May 2015, Continental Resources Sdn. Bhd., a wholly-owned subsidiary of the Company entered into a Shareholders' Agreement with Palmtop Vegeoil Products Sdn. Bhd. ('Palmtop') for the subscription of 8,250,000 new ordinary shares of RM1.00 each, representing 60% of the enlarged issued and paid-up share capital of Palmtop for a total consideration of RM8.25 million which was satisfied by cash.

As a result of the above acquisition, Palmtop became a 60% owned subsidiary of Continental Resources Sdn. Bhd., a wholly-owned subsidiary of the Company. The effects of the acquisition are disclosed in Note 33 to the financial statements.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz
Director

Megat Joha Bin Megat Abdul Rahman
Director

Kuala Lumpur
7 October 2015

STATEMENT BY DIRECTORS

(Pursuant to Section 169(15) of the Companies Act, 1965)

In the opinion of the Directors, the financial statements set out on pages 45 to 107 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 40 to the financial statements on page 108 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz
Director

Megat Joha Bin Megat Abdul Rahman
Director

Kuala Lumpur
7 October 2015

STATUTORY DECLARATION

(Pursuant to Section 169(16) of the Companies Act, 1965)

I, Megat Joha Bin Megat Abdul Rahman, being the Director primarily responsible for the financial management of C.I. Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 45 to 108 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
7 October 2015)

Megat Joha Bin Megat Abdul Rahman

Before me
S.Ideraju (W-697)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF C.I. HOLDINGS BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of C.I. Holdings Berhad, which comprise statements of financial position as at 30 June 2015 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 45 to 107.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF C.I. HOLDINGS BERHAD (cont'd)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 40 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF: 0206
Chartered Accountants

Francis Cyril A/L S R Singam
3056/04/17 (J)
Chartered Accountant

Kuala Lumpur
7 October 2015

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	7	46,835	29,357	681	977
Intangible assets	8	11,261	11,261	–	–
Investments in subsidiaries	9	–	–	46,300	46,300
Other investment	10	10	10	10	10
Deferred tax assets	11	288	288	–	–
Other receivable	14	2,200	–	–	–
		60,594	40,916	46,991	47,287
CURRENT ASSETS					
Inventories	12	26,283	18,937	–	–
Derivative assets	13	–	353	–	–
Trade and other receivables	14	110,323	47,884	219	238
Amounts owing by subsidiaries	15	–	–	26,924	4,138
Current tax assets		234	100	204	41
Cash and bank balances	16	52,821	76,049	39,524	62,149
		189,661	143,323	66,871	66,566
TOTAL ASSETS		250,255	184,239	113,862	113,853
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	17	81,000	81,000	81,000	81,000
Share premium	18	14,147	14,147	14,147	14,147
Retained earnings	18	52,143	39,893	17,917	17,726
		147,290	135,040	113,064	112,873
Non-controlling interests	9(d)	8,562	1,262	–	–
TOTAL EQUITY		155,852	136,302	113,064	112,873
NON-CURRENT LIABILITIES					
Borrowings	19	5,786	5,199	214	252
Retirement benefit obligations	23	739	680	–	–
Deferred tax liabilities	11	797	269	–	–
		7,322	6,148	214	252
CURRENT LIABILITIES					
Trade and other payables	24	53,946	16,573	545	691
Borrowings	19	29,730	23,380	39	37
Derivative liabilities	13	1,579	–	–	–
Current tax liabilities		1,826	1,836	–	–
		87,081	41,789	584	728
TOTAL LIABILITIES		94,403	47,937	798	980
TOTAL EQUITY AND LIABILITIES		250,255	184,239	113,862	113,853

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	26	399,278	91,884	3,929	1,965
Cost of sales	27	(356,706)	(79,022)	–	–
Gross profit		42,572	12,862	3,929	1,965
Other income		5,497	680	379	373
Selling and distribution costs		(10,242)	(1,744)	–	–
Administrative expenses		(13,622)	(10,873)	(4,067)	(3,834)
Other expenses		(5,952)	(1,862)	(28)	(1,867)
Finance costs		(1,102)	(439)	(22)	(25)
Profit/(Loss) before tax	28	17,151	(1,376)	191	(3,388)
Tax expense	30	(4,058)	(909)	–	–
Profit/(Loss) for the financial year		13,093	(2,285)	191	(3,388)
Other comprehensive income, net of tax		–	–	–	–
Total comprehensive income/(loss)		13,093	(2,285)	191	(3,388)
Profit/(Loss) attributable to:					
Owners of the parent		12,250	(2,562)	191	(3,388)
Non-controlling interests		843	277	–	–
		13,093	(2,285)	191	(3,388)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		12,250	(2,562)	191	(3,388)
Non-controlling interests	9(d)	843	277	–	–
		13,093	(2,285)	191	(3,388)
Earnings/(Loss) per ordinary share attributable to equity holders of the Company (sen):					
Basic	31	7.56	(1.76)		
Diluted	31	7.56	(1.76)		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Group	Non-distributable		Distributable			
	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 1 July 2013	71,000	2,147	42,455	115,602	985	116,587
Loss for the financial year	–	–	(2,562)	(2,562)	277	(2,285)
Other comprehensive income, net of tax	–	–	–	–	–	–
Total comprehensive loss	–	–	(2,562)	(2,562)	277	(2,285)
Transactions with owners						
Issuance of new ordinary shares	10,000	12,000	–	22,000	–	22,000
Balance as at 30 June 2014	81,000	14,147	39,893	135,040	1,262	136,302
Profit for the financial year	–	–	12,250	12,250	843	13,093
Other comprehensive income, net of tax	–	–	–	–	–	–
Total comprehensive income	–	–	12,250	12,250	843	13,093
Transactions with owners						
Additional non-controlling interests arising on a business combination (Note 33)	–	–	–	–	6,457	6,457
Balance as at 30 June 2015	81,000	14,147	52,143	147,290	8,562	155,852

Company	Non-distributable		Distributable	
	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total RM'000
Balance as at 1 July 2013	71,000	2,147	21,114	94,261
Loss for the financial year	–	–	(3,388)	(3,388)
Other comprehensive income, net of tax	–	–	–	–
Total comprehensive loss	–	–	(3,388)	(3,388)
Transactions with owners				
Issuance of new ordinary shares	10,000	12,000	–	22,000
Balance as at 30 June 2014	81,000	14,147	17,726	112,873
Profit for the financial year	–	–	191	191
Other comprehensive income, net of tax	–	–	–	–
Total comprehensive income	–	–	191	191
Balance as at 30 June 2015	81,000	14,147	17,917	113,064

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax:		17,151	(1,376)	191	(3,388)
Adjustments for:					
Depreciation of property, plant and equipment	7	1,704	815	297	295
Fair value adjustments on derivative instruments	28	1,932	(153)	–	–
Gain on bargain purchase	28	(1,436)	–	–	–
Gain on disposal of property, plant and equipment	28	(21)	–	–	–
Impairment loss on:					
– amounts owing by subsidiaries	28	–	–	28	6
– trade and other receivables	14	–	23	–	–
Interest expense		1,102	439	22	25
Interest income		(2,015)	(2,415)	(1,848)	(2,338)
Inventories written off	28	205	–	–	–
Net unrealised (gain)/loss on foreign exchange	28	(2,678)	182	–	–
Provision for retirement benefits	23	87	77	–	–
Reversal of impairment loss on trade and other receivables	14	(24)	(14)	–	–
Reversal of inventories written down	12	–	(8)	–	–
Operating profit/(loss) before working capital changes		16,007	(2,430)	(1,310)	(5,400)
Changes in working capital:					
Inventories		(5,170)	1,548	–	–
Trade and other receivables		(46,790)	(9,081)	19	15
Trade and other payables		24,840	3,032	(146)	(86)
Cash used in operations		(11,113)	(6,931)	(1,437)	(5,471)
Tax paid		(3,932)	(705)	(204)	(41)
Tax refunded		94	267	41	117
Interest paid		(23)	(32)	(10)	(10)
Contributions paid for retirement benefits	23	(28)	(21)	–	–
Net cash used in operating activities		(15,002)	(7,422)	(1,610)	(5,405)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (cont'd)

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of subsidiary for cash, net of cash acquired	33	(6,665)	(19,282)	–	(20,000)
(Advances to)/Repayments from subsidiaries		–	–	(22,814)	285
Net uplift of fixed deposits with maturity periods of more than 3 months		1,691	–	–	–
Net placement of fixed deposits pledged to licensed banks		(2,639)	–	–	–
Interest received		2,015	2,415	1,848	2,338
Proceeds from disposal of:					
– property, plant and equipment		26	–	–	–
– other investment		–	3,075	–	3,075
Purchase of property, plant and equipment	7(a)	(8,620)	(137)	(1)	(14)
Net cash used in investing activities		(14,192)	(13,929)	(20,967)	(14,316)
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of borrowings		6,210	11,495	–	–
Interest paid		(1,079)	(407)	(12)	(15)
Repayments of hire purchase and lease creditors		(94)	(76)	(36)	(34)
Repayments of borrowings		(876)	(291)	–	–
Net cash from/(used in) financing activities		4,161	10,721	(48)	(49)
Net decrease in cash and cash equivalents		(25,033)	(10,630)	(22,625)	(19,770)
Effect of exchange rate changes on cash and cash equivalents		954	(10)	–	–
Cash and cash equivalents at beginning of financial year		71,848	82,488	62,149	81,919
Cash and cash equivalents at end of financial year	16	47,769	71,848	39,524	62,149

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

1. CORPORATE INFORMATION

C.I. Holdings Berhad ('the Company') is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are located at Suite A-11-1, Level 11, Hampshire Place Office, 157 Hampshire, No. 1, Jalan Mayang Sari, 50450 Kuala Lumpur.

The consolidated financial statements for the financial year ended 30 June 2015 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 7 October 2015.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 45 to 107 have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act, 1965 in Malaysia. However, Note 40 to the financial statements set out on page 108 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of these financial statements in conformity with MFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee;

(b) Exposure, or rights, to variable returns from its involvement with the investee; and

(c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee;

(b) Rights arising from other contractual agreements; and

(c) The voting rights of the Group and potential voting rights.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2015 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a loss.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement*.

4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2015 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations (continued)

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.7 (a) to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods and rates are as follows:

Buildings	2%
Leasehold land	over the lease period up to 99 years
Plant and machinery	5% – 33%
Office furniture and equipment	8% – 40%
Renovations	10% – 20%
Motor vehicles	20% – 25%

Freehold land has unlimited useful life and is not depreciated. Construction-in-progress represents machinery under installation and factory building under construction and is stated at cost. Construction-in-progress is not depreciated until such time when the asset is available for use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.8 to the financial statements on impairment of non-financial assets).

NOTES TO THE FINANCIAL STATEMENTS
30 June 2015 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment and depreciation (continued)

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4.5 Leases and hire purchase

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the incremental borrowing rate of the Group is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

(c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interest in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

4.6 Investments in subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Intangible assets

(a) Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the interest of the Group in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Other intangible assets

Other intangible assets are recognised only when the identifiability, control and future economic benefit probability criteria are met.

Intangible assets are initially measured at cost.

An intangible asset has an indefinite useful life when based on the analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to the Group. Intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that the carrying amount may be impaired. Such intangible assets are not amortised. Their useful lives are reviewed at the end of each reporting period to determine whether events and circumstances continue to support the indefinite useful life assessment for the asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in accounting estimate in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

4.8 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries), inventories and deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill and intangible assets that have an indefinite useful life is tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill or intangible asset might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the CGU or groups of CGU of the Group that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with MFRS 8 *Operating Segments*.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2015 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Impairment of non-financial assets (continued)

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.

4.9 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the weighted average formula. The cost of raw materials comprises the all costs of purchase plus the cost of bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2015 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

(a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the right of the Group to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2015 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

(a) Financial assets (continued)

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as financial liabilities at the time the guarantee is issued.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

(b) Financial liabilities (continued)

The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

(c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

4.11 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

(a) Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments by the receivable, to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

(b) Available-for-sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit to loss.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Impairment of financial assets (continued)

(b) Available-for-sale financial assets (continued)

Impairment losses in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

Impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

4.12 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.13 Income taxes

Income taxes include all domestic taxes on taxable profits. Income taxes also include other taxes, such as withholding taxes and real property gains taxes payable on the disposal of properties.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses include all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profit would be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) The same taxable entity; or

(ii) Different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Income taxes (continued)

(b) Deferred tax (continued)

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

4.14 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.15 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4.16 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Employee benefits (continued)

(c) Defined benefit plans

The Group operates an unfunded defined benefit plan for eligible employees of the Group.

The recognition and measurement of the defined benefits plan involve:

(i) Determining the deficit or surplus by:

(a) Using an actuarial technique, the projected unit credit method, to make a reliable estimate of the ultimate cost to the Group of the benefit that employees have earned in return for their service in the current and prior periods;

(b) Discounting that benefit in order to determine the present value of the defined benefit obligation and the current service cost; and

(c) Deducting the fair value of any plan assets from the present value of the defined benefit obligation.

(ii) Determining the amount of the net defined benefit liability as the amount of the deficit or surplus as determined above, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling; and

(iii) Determining amounts to be recognised in profit or loss, i.e. current service cost, any past service cost and gain or loss on settlement and net interest on the net defined benefit liability.

The Group determines the net defined benefit liability annually so that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

The Group recognises the net defined benefit liability in the statement of financial position.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

The Group uses the yield rate of prevailing bond yields to discount the post-employment benefit obligations.

The remeasurement of the net defined obligation is recognised directly within equity. The remeasurement includes:

(i) Actuarial gains and losses;

(ii) Return on plan assets, excluding interest; and

(iii) Any asset ceiling effects, excluding interest.

Services costs are recognised in profit or loss, and include current and past service costs as well as gains and losses on curtailments.

Net interest expense is recognised in profit or loss, and is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the balance of the net defined benefit obligation, considering the effects of contributions and benefit payments during the reporting period. Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in profit or loss.

Settlement of defined benefit schemes are recognised in the period when the settlement occurs.

4.17 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2015 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Foreign currencies (continued)

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivables, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the activities of the Group as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the customer and where the Group does not have continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.

(b) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(c) Management fee

Management fee is recognised when management service is rendered.

4.19 Operating segments

Operating segments are defined as components of the Group that:

(a) Engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group (i.e. the Group's Managing Director) in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:

(i) the combined reported profit of all operating segments that did not report a loss; and

(ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Operating segments (continued)

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4.20 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.21 Fair value measurement

The fair value of an asset or a liability, except for lease transactions is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

5.1 New MFRSs adopted during the current financial year

The Group and Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title	Effective Date
Amendments to MFRS 10 *Consolidated Financial Statements: Investment Entities*	1 January 2014
Amendments to MFRS 12 *Disclosure of Interest in Other Entities: Investment Entities*	1 January 2014
Amendments to MFRS 127 *Separate Financial Statements (2011): Investment Entities*	1 January 2014
Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
Amendments to MFRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
IC Interpretation 21 *Levies*	1 January 2014
Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Amendments to MFRSs *Annual Improvements 2010 – 2012 Cycle*	1 July 2014
Amendments to MFRSs *Annual Improvements 2011 – 2013 Cycle*	1 July 2014

There is no material impact upon the adoption of the above Standards during the financial year.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2016

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Company.

Title	Effective Date
MFRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to MFRS 101 *Disclosure Initiative*	1 January 2016
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*	1 January 2016
Amendments to MFRS 127 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to MFRSs *Annual Improvements to 2012-2014 Cycle*	1 January 2016
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates during and at the end of the reporting period.

6.2 Critical judgement made in applying accounting policies

The following is a judgement made by management in the process of applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements.

Classification of non-current bank borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of the financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise their right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Impairment of goodwill on consolidation

The Group determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiary to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiary and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Further details on sensitivities and key assumptions are disclosed in Note 8 to the financial statements.

(ii) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates that the depreciation rates of these property, plant and equipment to be within 1% to 33%. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

A ten percent (10%) difference in the average depreciation rates/period of these assets from management's estimates would result in approximately a RM170,000 variance in the profit for the financial year.

(iii) Impairment of investments in subsidiaries

Investments in subsidiaries are assessed for impairment losses whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Such assessment requires the Directors to make estimates of the recoverable amounts. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's fair value less cost to sell and its value in use. The Directors believe that the estimates of the recoverable amounts are reasonable.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(iv) Write down for obsolete or slow-moving inventories

The Group writes down its obsolete or slow-moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Management specifically analyses sales trends and current economic trends when making this judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

(v) Income taxes

Significant judgement is required in determining transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(vi) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

(vii) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 37 to the financial statements.

(viii) Retirement benefits obligations

The costs, assets and liabilities of the retirement benefits obligations operated by the Group are determined using methods relying on actuarial estimates and assumptions. The details of the key assumptions are set out in Note 23 to the financial statements. The Group takes advice from independent actuaries relating to the appropriateness of the assumptions. Changes in the assumptions would have effects on the consolidated statement of financial position and the consolidated statement of comprehensive income.

(ix) Fair value measurement

The financial and non-financial assets and liabilities that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3 based on the degree to which the fair value inputs are observable:

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities;

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures these elements in the financial statements at fair value:

(i) Derivative financial instruments, Note 13 to the financial statements; and

(ii) Financial instruments, Note 36 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2015 (cont'd)

7. PROPERTY, PLANT AND EQUIPMENT

Group 2015	Balance as at 1 July 2014 RM'000	Additions (Note (a) below) RM'000	Acquisition of a subsidiary (Note 33) RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Balance as at 30 June 2015 RM'000
Carrying amount						
Buildings	11,646	183	2,600	–	(323)	14,106
Construction-in-progress	461	7,600	–	–	–	8,061
Freehold land	10,331	–	–	–	–	10,331
Leasehold land	2,230	–	2,400	–	(64)	4,566
Plant and machinery	2,446	396	4,400	–	(669)	6,573
Office furniture and equipment	823	259	123	(5)	(266)	934
Renovations	983	51	200	–	(177)	1,057
Motor vehicles	437	814	161	–	(205)	1,207
	29,357	9,303	9,884	(5)	(1,704)	46,835

	At 30 June 2015		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Buildings	16,777	(2,671)	14,106
Construction-in-progress	8,061	–	8,061
Freehold land	10,331	–	10,331
Leasehold land	5,007	(441)	4,566
Plant and machinery	24,791	(18,218)	6,573
Office furniture and equipment	2,482	(1,548)	934
Renovations	1,781	(724)	1,057
Motor vehicles	2,367	(1,160)	1,207
	71,597	(24,762)	46,835

NOTES TO THE FINANCIAL STATEMENTS
30 June 2015 (cont'd)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2014	Balance as at 1 July 2013 RM'000	Additions (Note (a) below) RM'000	Acquisition of a subsidiary (Note 33) RM'000	Depreciation charge for the financial year RM'000	Balance as at 30 June 2014 RM'000
Carrying amount					
Buildings	4,307	18	7,458	(137)	11,646
Construction-in-progress	–	–	461	–	461
Freehold land	–	–	10,331	–	10,331
Leasehold land	2,257	–	–	(27)	2,230
Plant and machinery	966	–	1,677	(197)	2,446
Office furniture and equipment	804	50	216	(247)	823
Renovations	330	69	667	(83)	983
Motor vehicles	416	–	145	(124)	437
	9,080	137	20,955	(815)	29,357

	At 30 June 2014		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Buildings	13,994	(2,348)	11,646
Construction-in-progress	461	–	461
Freehold land	10,331	–	10,331
Leasehold land	2,607	(377)	2,230
Plant and machinery	20,119	(17,673)	2,446
Office furniture and equipment	2,733	(1,910)	823
Renovations	1,530	(547)	983
Motor vehicles	1,392	(955)	437
	53,167	(23,810)	29,357

Company 2015	Balance as at 1 July 2014 RM'000	Additions (Note (a) below) RM'000	Depreciation charge for the financial year RM'000	Balance as at 30 June 2015 RM'000
Carrying amount				
Office furniture and equipment	438	1	(162)	277
Renovations	269	–	(62)	207
Motor vehicles	270	–	(73)	197
	977	1	(297)	681

	At 30 June 2015		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Office furniture and equipment	841	(564)	277
Renovations	413	(206)	207
Motor vehicles	363	(166)	197
	1,617	(936)	681

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2014	Balance as at 1 July 2013 RM'000	Additions (Note (a) below) RM'000	Depreciation charge for the financial year RM'000	Balance as at 30 June 2014 RM'000
Carrying amount				
Office furniture and equipment	585	14	(161)	438
Renovations	330	–	(61)	269
Motor vehicles	343	–	(73)	270
	1,258	14	(295)	977

	At 30 June 2014		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Office furniture and equipment	840	(402)	438
Renovations	413	(144)	269
Motor vehicles	363	(93)	270
	1,616	(639)	977

(a) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Purchase of property, plant and equipment	9,303	137	1	14
Financed by hire purchase and lease arrangement	(683)	–	–	–
Cash payments on purchase of property, plant and equipment	8,620	137	1	14

(b) The carrying amounts of the property, plant and equipment of the Group and of the Company under hire purchase and finance leases at the end of the reporting period are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Motor vehicles	1,097	385	195	266
Plant and machinery	–	17	–	–
	1,097	402	195	266

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

(c) The carrying amounts of property, plant and equipment pledged to licensed banks for banking facilities granted to certain subsidiaries (Notes 19 and 22 to the financial statements) are as follows:

	Group	
	2015 RM'000	2014 RM'000
Buildings	6,641	4,194
Freehold land	10,331	10,331
Leasehold land	4,566	2,230
	21,538	16,755

8. INTANGIBLE ASSETS

Group 2015	Balance as at 1 July 2014 RM'000	Acquisition of a subsidiary RM'000	Balance as at 30 June 2015 RM'000
Carrying amount			
Goodwill	11,242	–	11,242
Trademark	19	–	19
	11,261	–	11,261

	At 30 June 2015		
	Cost RM'000	Accumulated impairment loss RM'000	Carrying amount RM'000
Goodwill	11,242	–	11,242
Trademark	19	–	19
	11,261	–	11,261

Group 2014	Balance as at 1 July 2013 RM'000	Acquisition of a subsidiary RM'000	Balance as at 30 June 2014 RM'000
Carrying amount			
Goodwill	–	11,242	11,242
Trademark	19	–	19
	19	11,242	11,261

	At 30 June 2014		
	Cost RM'000	Accumulated impairment loss RM'000	Carrying amount RM'000
Goodwill	11,242	–	11,242
Trademark	19	–	19
	11,261	–	11,261

NOTES TO THE FINANCIAL STATEMENTS
30 June 2015 (cont'd)

8. INTANGIBLE ASSETS (continued)

Goodwill

The goodwill on consolidation of approximately RM11,242,000 was in respect of the acquisition of Continental Resources Sdn. Bhd. during the previous financial year, as disclosed in Note 33 to the financial statements.

The recoverable amount of the goodwill associated with the acquisition of Continental Resources Sdn. Bhd. (cash generating unit) has been determined based on value in use calculations using cash flow forecast and projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow forecast and projections and the forecasted growth rates used to extrapolate cash flows for the five-year period are as follows:

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

(i) Growth rates

In 2016 the Company anticipates doubling up of the sales volume arising from the commencement of operations of the second factory which has a higher capacity than the current factory. The anticipated average annual growth rate from 2017 to 2020 used was 8.0% for the financial years 2017 to 2020. The average growth rate used in 2014 was 3.0%.

(ii) Pre-tax discount rates

The pre-tax discount rate used was 8.1% (2014: 9.1%). In determining the appropriate discount rate due consideration has been given to the weighted average cost of capital of the Group.

A reasonably possible change in the assumptions above would not cause any impairment loss on goodwill.

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015 RM'000	2014 RM'000
Unquoted investments, at cost	147,030	147,030
Less: Accumulated impairment losses	(100,730)	(100,730)
	46,300	46,300

NOTES TO THE FINANCIAL STATEMENTS
30 June 2015 (cont'd)

9. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Details of the subsidiaries, which are incorporated in Malaysia, are as follows:

Name of subsidiaries	Effective equity interest 2015	Effective equity interest 2014	Principal activities
	%	%	
Continental Resources Sdn. Bhd.	100	100	Selling, manufacturing and packing of edible oils
Doe Industries Sdn. Bhd.	100	100	Manufacture and selling of water taps, showers and other plumbing fittings
C.I. Building Industries Sdn. Bhd.	100	100	Investment holding
C.I. Engineering Sdn. Bhd.	100	100	Investment holding
C.I. Management Sdn. Bhd.	100	100	Inactive
C.I. Construction Sdn. Bhd.	100	100	Inactive
C.I. Marketing Sdn. Bhd.	100	100	Inactive
C.I. Halla Environmental Technology Sdn. Bhd.	100	100	Inactive
Subsidiary of Continental Resources Sdn. Bhd.			
Palmtop Vegeoil Products Sdn. Bhd.	60	–	Selling, manufacturing and packing of edible oils
Subsidiary of Palmtop Vegeoil Products Sdn. Bhd.			
PNC Oil Factory (Malaysia) Sdn. Bhd.	100	–	Selling, manufacturing and packing of edible oils
Subsidiaries of Doe Industries Sdn. Bhd.			
Doe Marketing Sdn. Bhd.	100	100	Dealership and distribution of household fittings and appliances
Potex Industries Sdn. Bhd.	100	100	Manufacturing and trading of ceramic sanitary wares and related products
Elegant Flow Sdn. Bhd.	100	100	Trading of sanitary wares and related products
Subsidiary of C.I. Engineering Sdn. Bhd.			
C.I. Auto Services Sdn. Bhd.	51	51	Inactive
Subsidiary of C.I. Building Industries Sdn. Bhd.			
C.I. Quarries Sdn. Bhd.	100	100	Investment holding
Subsidiaries of C.I. Quarries Sdn. Bhd.			
Capital Aim Sdn. Bhd.	100	100	Investment holding
C.I. Damansara Quarry Sdn. Bhd.	65	65	Inactive
Subsidiary of Capital Aim Sdn. Bhd.			
C.I. Quarries (Nilai) Sdn. Bhd.	100	100	Inactive

(b) During the current financial year, Continental Resources Sdn. Bhd., a wholly-owned subsidiary of the Company acquired 60% of the ordinary shares of RM1.00 each in Palmtop Vegeoil Products Sdn. Bhd., for a total consideration of RM8,250,000 as disclosed in Note 33 to the financial statements. As a result of the acquisition, Palmtop Vegeoil Products Sdn. Bhd. became a 60% owned subsidiary of Continental Resources Sdn. Bhd..

(c) In the previous financial year, the Company acquired the entire ordinary shares of RM1.00 each in Continental Resources Sdn. Bhd., for a total consideration of RM42,000,000 as disclosed in Note 33 to the financial statements. Consequently, Continental Resources Sdn. Bhd. became a wholly-owned subsidiary of the Group in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2015 (cont'd)

9. INVESTMENTS IN SUBSIDIARIES (continued)

(d) The subsidiaries of the Group that have material non-controlling interests ('NCI') are as follows:

2015	Palmtop Vegeoil Products Sdn. Bhd. RM'000	C.I. Auto Services Sdn. Bhd. RM'000	C.I. Damansara Quarry Sdn. Bhd. RM'000	Total RM'000
NCI percentage of ownership interest and voting interest (%)	40%	49%	35%	
Carrying amount of NCI	8,286	276	–*	8,562
Profit/(Loss) allocated to NCI	1,829	(3)	(983)	843

2014	C.I. Auto Services Sdn. Bhd. RM'000	C.I. Damansara Quarry Sdn. Bhd. RM'000	Total RM'000
NCI percentage of ownership interest and voting interest (%)	49%	35%	
Carrying amount of NCI	279	983	1,262
Profit/(Loss) allocated to NCI	278	(1)	277

* Amount less than RM1,000.

(e) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

2015	Palmtop Vegeoil Products Sdn. Bhd. RM'000	C.I. Auto Services Sdn. Bhd. RM'000	C.I. Damansara Quarry Sdn. Bhd. RM'000
Assets and liabilities			
Non-current assets	10,546	–	–
Current assets	63,824	2	1
Non-current liabilities	(1,755)	–	–
Current liabilities	(51,901)	(217)	(2)
Net assets/(liabilities)	20,714	(215)	–*
Results			
Revenue	51,070	–	–
Profit/(loss) for the financial year	4,571	(4)	(2,809)
Total comprehensive income/(loss)	4,571	(4)	(2,809)
Cash flows from operating activities	(7,006)	(4)	–
Cash flows from investing activities	877	–	–
Cash flows from financing activities	8,564	–	–
Net increase/(decrease) in cash and cash equivalents	2,435	(4)	–
Dividend paid to NCI	–	–	–

NOTES TO THE FINANCIAL STATEMENTS
30 June 2015 (cont'd)

9. INVESTMENTS IN SUBSIDIARIES (continued)

(e) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows (continued):

2014	C.I. Auto Services Sdn. Bhd. RM'000	C.I. Damansara Quarry Sdn. Bhd. RM'000
Assets and liabilities		
Current assets	5	2,836
Current liabilities	(217)	(27)
Net (liabilities)/assets	(212)	2,809
Results		
Revenue	–	–
Profit/(loss) for the financial year	575	(2)
Total comprehensive income/(loss)	575	(2)
Cash flows from operating activities	(2)	–*
Cash flows from investing activities	–	–
Cash flows from financing activities	–	–*
Net decrease in cash and cash equivalents	(2)	–
Dividend paid to NCI	–	–

* Amount less than RM1,000.

10. OTHER INVESTMENT

	Group and Company	
	2015 RM'000	2014 RM'000
Available-for-sale financial assets		
– Club membership	15	15
Less: Impairment loss	(5)	(5)
	10	10

(a) The club membership is held by the Company under a subsidiary Director's name.

(b) Information on the fair value hierarchy is disclosed in Note 36 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

11. DEFERRED TAX

(a) The deferred tax assets and liabilities are made up of the following:

	Group	
	2015 RM'000	2014 RM'000
Balance as at 1 July 2014/2013	(19)	(302)
Recognised in profit or loss (Note 30)	208	114
Acquisition of a subsidiary (Note 33)	320	169
Balance as at 30 June 2015/2014	509	(19)
Presented after appropriate offsetting:		
Deferred tax assets, net	(288)	(288)
Deferred tax liabilities, net	797	269
	509	(19)

(b) The components and movements of deferred tax assets and liabilities during the financial year are as follows:

Group	Provision for liabilities RM'000	Unused tax losses and capital allowances RM'000	Total RM'000
Deferred tax assets			
At 1 July 2013	433	3	436
Recognised in profit or loss	(145)	(3)	(148)
At 30 June 2014/1 July 2014	288	–	288
Recognised in profit or loss	–	–	–
As 30 June 2015	288	–	288

Group	Property, plant and equipment RM'000	Unrealised gain on foreign exchange RM'000	Total RM'000
Deferred tax liabilities			
At 1 July 2013	134	–	134
Recognised in profit or loss	(48)	14	(34)
Acquisition of a subsidiary	152	17	169
At 30 June 2014/1 July 2014	238	31	269
Recognised in profit or loss	(34)	242	208
Acquisition of a subsidiary	306	14	320
At 30 June 2015	510	287	797

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

11. DEFERRED TAX (continued)

(c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statement of financial position are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Provision for bonus	2,169	1,913	323	313
Unused tax losses	9,167	8,481	739	–
Unabsorbed capital allowances	4,498	3,877	274	121
	15,834	14,271	1,336	434

Deferred tax assets of the Group and of the Company have not been recognised in respect of these items as it is not probable that taxable profit of the Company and its subsidiaries will be available against which the deductible temporary differences can be utilised.

The deductible temporary differences do not expire under the current tax legislation.

12. INVENTORIES

	Group	
2014	2015 RM'000	2014 RM'000
At cost		
Raw materials	4,256	3,047
Work-in-progress	875	1,082
Finished goods	21,152	14,808
	26,283	18,937

(a) During the financial year, inventories of the Group recognised as cost of sales amounted to RM348,984,000 (2014: RM72,518,000).

(b) In the previous financial year, the Group reversed RM8,000 in respect of provisions for slow moving inventories recorded in previous financial years that was subsequently not required as the Group was able to sell those inventories above their carrying amounts.

13. DERIVATIVE (LIABILITIES)/ASSETS

	Group			
	2015		2014	
	Contract/ Notional amount RM'000	Fair value RM'000	Contract/ Notional amount RM'000	Fair value RM'000
Forward currency contracts	56,365	(1,579)	43,273	353

The derivative forward currency contracts were entered into with the objective of managing and hedging the Group's exposure to currency risk for receivables which are denominated in a currency other than the functional currency of the Group.

The above derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at fair value through profit and loss. The resulting loss from the re-measurement of RM1,932,000 (2014: gain of RM153,000) is recognised in profit or loss as disclosed in Note 28 to the financial statements.

The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 36 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current				
Prepayment	2,200	–	–	–
Current				
Trade receivables	102,006	47,040	31	48
Less: Impairment loss	(261)	(285)	–	–
	101,745	46,755	31	48
Other receivables	6,527	549	–	–
Deposits	824	417	147	147
	7,351	966	147	147
Less: Impairment loss				
– Other receivables	(385)	(385)	–	–
– Deposits	(2)	(2)	–	–
	6,964	579	147	147
Loans and receivables	108,709	47,334	178	195
Prepayments	1,614	550	41	43
	110,323	47,884	219	238

(a) The normal trade credit terms granted by the Group in respect of trade receivables ranges from 14 to 90 days (2014: 14 to 90 days) from the date of invoice. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) The ageing analysis of trade receivables of the Group are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Neither past due nor impaired	91,322	42,588	31	48
Past due, not impaired:				
– 1 to 30 days	9,895	2,436	–	–
– 31 to 60 days	405	1,669	–	–
– 61 to 90 days	117	62	–	–
– More than 90 days	6	–	–	–
	10,423	4,167	–	–
Past due and impaired	261	285	–	–
	102,006	47,040	31	48

(c) The credit quality of trade receivables that are neither past due nor impaired as at the end of reporting period were assessed by reference to past payment trends of the receivables.

(d) Trade receivables that are past due but not impaired mainly arose from customers where the Group has healthy business relationships with, whereby management is of the view that the amounts are recoverable based on payment history.

The trade receivables of the Group that are past due but not impaired are unsecured in nature.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2015 (cont'd)

14. TRADE AND OTHER RECEIVABLES (continued)

(e) Trade receivables of the Group that are past due and impaired at the end of each reporting period are as follows:

Group	Individually impaired 2015 RM'000	Individually impaired 2014 RM'000
Trade receivables, gross	261	285
Less: Impairment loss	(261)	(285)
	–	–

(f) The reconciliation of movements in the impairment loss on trade receivables is as follows:

Group	Group 2015 RM'000	Group 2014 RM'000
At 1 July	(285)	(276)
Charge for the financial year	–	(23)
Reversal of impairment loss	24	14
At 30 June	(261)	(285)

Trade receivables that are individually determined to be impaired at the end of each reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(g) The currency exposure profile of receivables are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Receivables				
Euro	2,717	–	–	–
US Dollar	81,607	33,323	–	–
Singapore Dollar	51	104	–	–
Ringgit Malaysia	24,334	13,907	178	195
	108,709	47,334	178	195

(h) Information on financial risks of trade and other receivables is disclosed in Note 37 to the financial statements.

15. AMOUNTS OWING BY SUBSIDIARIES

	Company 2015 RM'000	Company 2014 RM'000
Amounts owing by subsidiaries	30,730	7,916
Less: Impairment loss	(3,806)	(3,778)
	26,924	4,138

(a) Amounts owing by subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(b) Information on financial risks of amounts owing by subsidiaries is disclosed in Note 37 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

16. CASH AND BANK BALANCES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	18,611	10,149	10,324	649
Deposits placed with licensed banks	34,210	65,900	29,200	61,500
	52,821	76,049	39,524	62,149

(a) The fixed deposits placed with the licensed banks of the Group and the Company as at 30 June 2015 have maturity periods ranging from 30 days to 365 days (2014: 30 days to 365 days).

(b) Information on financial risk of cash and bank balances is disclosed in Note 37 to the financial statements.

(c) The currency exposure profile of cash and bank balances are as follows.

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
US Dollar	3,113	6,627	–	–
Ringgit Malaysia	49,708	69,422	39,524	62,149
	52,821	76,049	39,524	62,149

(d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	18,611	10,149	10,324	649
Deposits placed with licensed banks	34,210	65,900	29,200	61,500
	52,821	76,049	39,524	62,149
Less: Bank overdraft included in borrowings (Note 19)	(42)	(139)	–	–
Less: Fixed deposits with maturity periods of more than 3 months	–	(1,691)	–	–
Less: Fixed deposits pledged with licensed banks	(5,010)	(2,371)	–	–
	47,769	71,848	39,524	62,149

17. SHARE CAPITAL

	Group and Company			
	2015		2014	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Ordinary shares of RM0.50 each:				
Authorised	500,000	250,000	500,000	250,000
Issued and fully paid:				
Balance as at 1 July	162,000	81,000	142,000	71,000
Issuance of shares	–	–	20,000	10,000
Balance as at 30 June	162,000	81,000	162,000	81,000

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

17. SHARE CAPITAL (continued)

(a) In the previous financial year, the issued and paid-up share capital of the Company was increased from RM71,000,000 to RM81,000,000 by way of issuance of 20,000,000 new ordinary shares of RM0.50 each at a premium of RM0.60 each per new ordinary share for the purpose of acquisition of a subsidiary, Continental Resources Sdn. Bhd.. The effects of the acquisition are disclosed in Note 33 to the financial statements.

(b) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

18. RESERVES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-distributable:				
Share premium	14,147	14,147	14,147	14,147
Distributable:				
Retained earnings	52,143	39,893	17,917	17,726
	66,290	54,040	32,064	31,873

The Company is under the single tier system and as a result, the payment of dividends can be made entirely out of its retained earnings.

19. BORROWINGS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current liabilities				
Secured:				
Term loans (Note 20)	4,962	4,913	–	–
Hire purchase and lease creditors (Note 21)	824	286	214	252
	5,786	5,199	214	252
Current liabilities				
Secured:				
Term loans (Note 20)	907	804	–	–
Bank overdraft	42	139	–	–
Bankers' acceptances	27,313	21,346	–	–
Islamic term financing (Note 22)	1,255	1,012	–	–
Hire purchase and lease creditors (Note 21)	213	79	39	37
	29,730	23,380	39	37
Total borrowings				
Term loans (Note 20)	5,869	5,717	–	–
Bank overdraft	42	139	–	–
Bankers' acceptances	27,313	21,346	–	–
Islamic term financing (Note 22)	1,255	1,012	–	–
Hire purchase and lease creditors (Note 21)	1,037	365	253	289
	35,516	28,579	253	289

NOTES TO THE FINANCIAL STATEMENTS
30 June 2015 (cont'd)

19. BORROWINGS (continued)

(a) Term loans, bank overdraft, bankers' acceptances and Islamic term financing are operated by way of a corporate guarantee and indemnity by the Group and a negative pledge on the assets of certain subsidiaries.

(b) Term loans of subsidiaries are secured by:

(i) legal charges over the freehold land and building of a subsidiary and an agricultural land registered in the name of Pribamas Sdn. Bhd., a related party of the subsidiary; and

(ii) legal charges over leasehold land and building of a subsidiary and joint and several guarantees of Directors of the subsidiary.

(c) Bankers' acceptances of certain subsidiaries are secured by way of first legal charges over fixed deposits, freehold land, leasehold land and building of the subsidiaries.

(d) Bank overdraft of a subsidiary is secured by a first legal charge over the leasehold land and building of the subsidiary.

(e) In the previous financial year, the bankers' acceptances and bank overdraft of a subsidiary were jointly and severally guaranteed by the Directors of the subsidiary.

(f) All borrowings are denominated in RM.

(g) Information on financial risks of borrowings is disclosed in Note 37 to the financial statements.

20. TERM LOANS

	Group	
	2015 RM'000	2014 RM'000
Term loan I	870	995
Term loan II	1,702	2,006
Term loan III	–	252
Term loan IV	2,286	2,464
Term loan V	1,011	–
	5,869	5,717

(a) Term Loan I is repayable in hundred and eighty (180) equal monthly instalments commencing June 2006 and has no fixed repricing period. The interest rate charges for the term loan are based on the Base Lending Rate ('BLR') plus 0.60% per annum. Interest rate charged during the financial year is 7.45% (2014: 7.20%).

(b) Term Loan II is repayable in hundred and twenty three (123) instalments commencing July 2007, comprising hundred and twenty two (122) equal monthly instalments and one (1) last instalment. The term loan carries interest at 3.00% per annum for the first year, BLR minus 1.00% per annum for the second year and thereafter at BLR plus 0.6% per annum. Interest rate charged during the financial year is 7.45% (2014: 7.20%).

(c) Term Loan III was fully repaid during the financial year. The interest rate for Term Loan III is based on the BLR plus 0.60% per annum. Interest rate charged during the financial year is 7.45% (2014: 7.20%).

(d) Term Loan IV is repayable in hundred and eighty (180) equal monthly instalments commencing May 2013 and has no fixed repricing period. The interest rate charges for the term loan are based on the BLR minus 1.5% per annum. Interest rate charged during the financial year is 5.35% (2014: 5.10%).

(e) Term Loan V is repayable in hundred and twenty (120) equal monthly instalments commencing January 2009 and has no fixed repricing period. The interest rate charges for the term loan are based on the BLR plus 0.60% per annum. Interest rate charged during the financial year is 7.45%.

(f) A covenant in relation to the secured term loans I, II, III and IV amounting to RM4,858,000 (2014: RM5,717,000) is that the gearing ratio of the subsidiary shall not exceed 1.5 times throughout the tenure of the facilities.

(g) Information on the securities for the term loans is disclosed in Note 19 to the financial statements.

(h) Information on financial risks of term loans is disclosed in Note 37 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

21. HIRE PURCHASE AND LEASE CREDITORS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Minimum hire purchase and lease payments:				
– not later than one year	259	103	49	49
– later than one year and not later than five years	862	221	195	195
– later than five years	41	90	41	90
Total minimum hire purchase and lease payments	1,162	414	285	334
Less: Future interest charges	(125)	(49)	(32)	(45)
Present value of hire purchase and lease creditors	1,037	365	253	289
Repayable as follows:				
Current liabilities				
– not later than one year	213	79	39	37
Non-current liabilities				
– later than one year and not later than five years	784	200	174	166
– later than five years	40	86	40	86
	824	286	214	252
	1,037	365	253	289

Information on financial risks of hire purchase and lease creditors is disclosed in Note 37 to the financial statements.

22. ISLAMIC TERM FINANCING

	Group	
	2015 RM'000	2014 RM'000
Secured		
Islamic acceptance bills	1,255	1,012
Repayable as follows:		
Current liabilities		
– not later than one year	1,255	1,012

(a) Islamic acceptance bills are guaranteed by the Company.

(b) Islamic acceptance bills are secured by a third party legal charge over the leasehold land and building of a subsidiary (Note 7 to the financial statements).

(c) Information on financial risks of Islamic Term Financing is disclosed in Note 37 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2015 (cont'd)

23. RETIREMENT BENEFIT OBLIGATIONS

The Group operates an unfunded defined benefit plan for non-executive staff who are entitled to a payment calculated by reference to their length of service and earnings. Provision for retirement benefit obligations is calculated based on the predetermined rate of basic salaries and length of service of the employees.

The amounts recognised in the statement of financial position are determined as follows:

	Group	
	2015 RM'000	2014 RM'000
Present value of unfunded defined benefit obligations	739	680
Analysed as follows:		
Non-current liabilities		
– later than 5 years	739	680

The total expenses recognised in profit or loss are as follows:

	Group	
	2015 RM'000	2014 RM'000
Current service cost	29	28
Past service cost	25	19
Interest cost	33	30
Expenses recognised in the statement of profit or loss and other comprehensive income included under administrative expenses	87	77

The movements during the financial year in the amounts recognised in the statement of financial position in respect of the defined benefit plans are as follows:

	Group	
	2015 RM'000	2014 RM'000
Balance at 1 July	680	624
Recognised in profit or loss (Note 28)	87	77
Contributions paid	(28)	(21)
Balance as at 30 June	739	680

The principal actuarial assumptions used are as follows:

	Group	
	2015 %	2014 %
Discount rates	4.8	4.8
Expected rates of salary increases	6.0	6.0

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

23. RETIREMENT BENEFIT OBLIGATIONS (continued)

The following table demonstrates the sensitivity analysis of the unfunded defined benefit plans if the significant actuarial assumptions at the end of each reporting period changed by 100 basis points with all other variables held constant:

	Group			
	2015		2014	
	Increase in 1% RM'000	Decrease in 1% RM'000	Increase in 1% RM'000	Decrease in 1% RM'000
Discount rates	(64)	72	(64)	73
Expected rates of salary increases	(86)	76	(79)	70

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade payables	38,296	13,716	–	–
Other payables	9,350	1,410	30	150
Accruals	6,300	1,447	515	541
	15,650	2,857	545	691
	53,946	16,573	545	691

(a) The normal credit terms granted to the Group in respect of trade payables ranged from 4 to 120 days (2014: 4 to 120 days) from the date of invoice.

(b) Accruals are mainly made for transportation, sales and marketing expenses and staff costs.

(c) The currency exposure profile of payables is as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Euro	5	135	–	–
US Dollar	19,614	2,577	–	–
Singapore Dollar	–	262	–	–
Ringgit Malaysia	34,327	13,599	545	691
	53,946	16,573	545	691

(d) Information on financial risks of trade and other payables is disclosed in Note 37 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

25. COMMITMENTS

a) Operating lease commitments – the Group as lessee

The Group had entered into non-cancellable lease agreements for office, equipment, factory and staff housing, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates.

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Future minimum lease payments:				
– not later than one year	1,332	647	478	398
– later than one year and not later than five years	3,314	55	856	–
	4,646	702	1,334	398

b) Capital commitments

	Group	
	2015 RM'000	2014 RM'000
Contracted but not provided for	220	–

26. REVENUE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sale of goods	397,749	89,919	–	–
Interest income from:				
– short term investment	1,529	1,888	1,529	1,888
– other investment	–	77	–	77
Management fee	–	–	2,400	–
	399,278	91,884	3,929	1,965

27. COST OF SALES

Cost of sales represents cost of inventories sold.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

28. PROFIT/(LOSS) BEFORE TAX

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Profit/(Loss) before tax is arrived at after charging:					
Auditors' remuneration to BDO:					
– Statutory		205	167	53	53
– Non-statutory		13	13	13	13
Other fees to BDO:					
– Other non-audit services		71	223	41	207
Depreciation of property, plant and equipment	7	1,704	815	297	295
Directors' remuneration		3,256	2,171	1,478	1,490
Fair value adjustment on derivative assets/liabilities	13	1,932	–	–	–
Impairment loss on:					
– trade receivables	14(f)	–	23	–	–
– amounts owing by subsidiaries		–	–	28	6
Interest expense on:					
– bank overdrafts		23	32	10	10
– bankers' acceptances		578	121	–	–
– bill payables		82	79	–	–
– hire purchase and lease creditors		21	20	12	15
– term loan		398	187	–	–
Inventories written off		205	–	–	–
Loss on foreign exchange					
– realised		36	139	–	–
– unrealised		47	182	–	–
Provision for retirement benefits	23	87	77	–	–
Rental of equipment		3	13	–	–
Rental of premises		678	718	438	438
And crediting:					
Fair value adjustment on derivative assets/liabilities	13	–	153	–	–
Gain on disposal of property, plant and equipment		21	–	–	–
Gain on bargain purchase arising from acquisition of a subsidiary	33	1,436	–	–	–
Gain on foreign exchange:					
– realised		21	–	–	–
– unrealised		2,725	–	–	–
Interest income received from:					
– fixed deposits		482	440	319	373
– short term investments		1,533	1,898	1,529	1,888
– other investment		–	77	–	77
Reversal of impairment loss on trade receivables	14(f)	24	14	–	–
Reversal of inventories written down		–	8	–	–

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

29. DIRECTORS' REMUNERATION

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors of the Company				
Executive Directors				
– salaries, bonus and allowances	2,285	1,326	1,186	1,186
– defined contribution plan	262	153	136	136
	2,547	1,479	1,322	1,322
Non-Executive Directors				
– allowances	51	63	51	63
– fees	105	105	105	105
	156	168	156	168
	2,703	1,647	1,478	1,490

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and from the Company amounted to RM24,850 (2014: RM24,850).

The number of Directors of the Company whose total remuneration during the financial year fall within the following bands is analysed below:

	Number of Directors			
	2015		2014	
	Executive Director	Non-Executive Director	Executive Director	Non-Executive Director
Directors of the Company				
Below RM200,000	–	5	2	5
RM400,000 – RM600,000	4	–	1	–
RM800,000 – RM900,000	1	–	1	–

30. TAX EXPENSE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current tax expense based on profit for the financial year	3,801	851	–	–
Under/(Over)-provision in prior years	49	(56)	–	–
	3,850	795	–	–
Deferred tax (Note 11):				
Relating to origination and reversal of temporary differences	266	126	–	–
Over-provision in prior years	(58)	(12)	–	–
	208	114	–	–
Total tax expense	4,058	909	–	–

Malaysian income tax is calculated at the statutory tax rate of twenty-five percent (25%) (2014: 25%) of the estimated taxable profits for the fiscal year.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

30. TAX EXPENSE (continued)

The numerical reconciliations between the tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit/(Loss) before tax	17,151	(1,376)	191	(3,388)
Tax at Malaysian statutory tax rate of 25% (2014: 25%)	4,288	(344)	48	(847)
Tax effects in respect of:				
Income not subject to tax	(762)	(404)	(382)	(472)
Non-allowable expenses	171	964	109	572
Deferred tax assets not recognised	232	761	212	747
Reduction in deferred taxes as a result of reduction in tax rate	138	–	13	–
	4,067	977	–	–
Over-provision of deferred tax in prior financial years	(58)	(12)	–	–
Under/(Over)-provision of income tax in prior financial years	49	(56)	–	–
	4,058	909	–	–

31. EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2015 RM'000	2014 RM'000
Profit/(Loss) attributable to equity holders of the parent	12,250	(2,562)
	Unit'000	Unit'000
Weighted average number of ordinary shares in issue	162,000	145,507
	Sen	Sen
Basic earnings/(loss) per ordinary share	7.56	(1.76)

(b) Diluted

Diluted profit/(loss) per ordinary share equals basic profit/(loss) per ordinary share as there are no potential dilutive equity instruments.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2015 (cont'd)

32. EMPLOYEE BENEFITS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Salaries and wages	13,003	8,502	2,187	2,090
Social security contributions	86	74	7	7
Contributions to defined contribution plan	1,137	897	261	250
Defined benefits plan	87	77	–	–
Other benefits	884	650	125	131
	15,197	10,200	2,580	2,478

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM2,547,000 (2014: RM1,479,000) and RM1,322,000 (2014: RM1,322,000) respectively.

33. ACQUISITION OF SUBSIDIARIES

Acquisition of Palmtop Vegeoil Products Sdn. Bhd. ('Palmtop')

On 15 May 2015 (acquisition date), Continental Resources Sdn. Bhd., a wholly-owned subsidiary of the Company acquired sixty percent (60%) of the enlarged issued and paid-up ordinary share capital of Palmtop, a Company incorporated in Malaysia which is engaged in selling and packing of edible oil for a cash consideration of RM8,250,000.

The Group recognised a gain of RM1,436,000, being a result of the excess of the acquirer's interest in the net fair value of the identifiable assets and liabilities over the consideration transferred for the acquisition of Palmtop. The Group believes that it was able to acquire Palmtop for less than the fair value of its identifiable net assets because of the Group's financial strengths and close relationship with all major financial institutions and the seller's strategic intention to leverage off the Group's access to trade financing and corporate banking opportunities. The gain on bargain purchase is recognised in the statement of profit or loss and other comprehensive income included under other income.

(i) The fair value of the net identifiable assets of Palmtop as at the acquisition date are as follows:

	RM'000
Property, plant and equipment	9,884
Inventories	2,381
Trade and other receivables	15,273
Current tax assets	156
Cash and cash equivalents	1,585
Total identifiable assets	29,279
Trade and other payables	(11,705)
Borrowings	(1,111)
Deferred tax liabilities	(320)
Total identifiable net assets	16,143
Non-controlling interests	(6,457)
Gain on bargain purchase	(1,436)
Total consideration for the acquisition	8,250

(ii) The consideration for the acquisition of Palmtop is as follows:

	RM'000
Cash paid	8,250

The transaction costs related to the acquisition amounted to approximately RM400.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

33. ACQUISITION OF SUBSIDIARIES (continued)

Acquisition of Palmtop Vegeoil Products Sdn. Bhd. ('Palmtop') (continued)

(iii) The effects of the acquisition of Palmtop on the cash flows of the Group are as follows:

	RM'000
Total consideration for equity interest acquired	8,250
Cash and cash equivalents of subsidiary acquired:	
– Cash and bank balances	(1,585)
Net cash outflow of the Group on acquisition of Palmtop	6,665

(iv) Palmtop contributed RM51,070,000 of revenue and RM4,571,000 to the results for the financial year of the Group from the acquisition date. Had the business combination taken place at the beginning of the financial year, Palmtop would contribute approximately RM66,599,000 of revenue and RM4,636,000 to the results for the financial year of the Group.

Acquisition of Continental Resources Sdn. Bhd. ('CRSB')

In the previous financial year, the Company entered into a conditional share sale and purchase agreement with Lee Cheang Mei and Fung Heen Choon for the purpose of the acquisition of the entire issued and paid up share capital of CRSB for a purchase consideration of RM42,000,000 satisfied by the issuance of 20,000,000 new ordinary shares of RM0.50 each at a premium of RM0.60 per new ordinary share and the remaining RM20,000,000 in cash.

On 28 April 2014 (acquisition date), the Company completed the acquisition of the entire issued and paid up share capital of CRSB, whereby CRSB became a wholly-owned subsidiary of the Group.

(i) The fair value of the identifiable net assets of CRSB as at the acquisition date are as follows:

	Note	RM'000
Property, plant and equipment		20,955
Inventories		3,731
Trade and other receivables		26,563
Cash and cash equivalents		3,097
Fixed deposits with maturity periods of more than 3 months		4,062
Derivative assets		201
Total identifiable assets		58,609
Trade and other payables		(9,033)
Borrowings		(17,086)
Current tax liabilities		(1,563)
Deferred tax liabilities		(169)
Total identifiable net assets		30,758
Goodwill arising from acquisition	8	11,242
Total consideration for the acquisition		42,000

(ii) The consideration for the acquisition of CRSB is as follows:

	RM'000
Cash paid	20,000
Equity instruments issued	22,000
Total consideration	42,000

Transaction costs related to the acquisition of approximately RM1,862,000 have been recognised in profit or loss as other expenses.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2015 (cont'd)

33. ACQUISITION OF SUBSIDIARIES (continued)

Acquisition of Continental Resources Sdn. Bhd. ('CRSB') (continued)

(iii) The effects of the acquisition of CRSB on the cash flows of the Group are as follows:

		RM'000
Total consideration for equity interest acquired		42,000
Less: Equity instruments issued		(22,000)
Cash and cash equivalents of subsidiary acquired:		
– Cash and bank balances	(3,097)	
– Bank overdraft	2,379	
		(718)
Net cash outflow of the Group on acquisition of CRSB		19,282

(iv) CRSB contributed RM53,817,000 of revenue and RM242,000 to the results of the Group for the previous financial year from the acquisition date. Had the business combination taken place at the beginning of the previous financial year, CRSB would have contributed approximately RM254,027,000 of revenue and RM6,479,000 to the results of the Group for the previous financial year.

34. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

Related parties of the Group include:

(i) Direct and indirect subsidiaries as disclosed in the Note 9 to the financial statements;

(ii) Y.B. Datuk Johari Bin Abdul Ghani and Datin Mariam Prudence Binti Yusof, the major shareholders of the Company;

(iii) Key management personnel which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly; and

(iv) Corporations in which Directors of the Group and of the Company have substantial financial interests:

(a) Prima Palm Products Sdn. Bhd.

(b) Pribamas Sdn. Bhd.

(c) Continental Palm Products Sdn. Bhd.

(d) Integrated Season Sdn. Bhd.

(e) Continental Palms Pte. Ltd.

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Management fee payable to a related party	316	–	–	–
Management fee charged to a subsidiary	–	–	2,400	–

NOTES TO THE FINANCIAL STATEMENTS
30 June 2015 (cont'd)

34. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and of the Company.

The remuneration of key management personnel during the financial year was as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short term employee benefits	2,935	1,962	1,342	1,354
Contributions to defined contribution plan	321	209	136	136
	3,256	2,171	1,478	1,490

35. OPERATING SEGMENTS

The Group has arrived at three (3) reportable segments that are organised and managed separately according to the business segments, which requires different business and marketing strategies. The reportable segments are summarised as follows:

1. Edible oil — Buying, selling, manufacturing and packing of all types of edible oils.
2. Tap-ware and sanitary ware — Manufacture and trading of household fittings and appliances such as water taps, plumbing accessories and sanitary wares.
3. Investment holdings — Investment activities.

Others mainly comprised subsidiaries that have ceased operations and remained inactive.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before taxation not including non-recurring losses, such as restructuring costs and goodwill impairment.

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and are based on negotiated and mutually agreed terms. Inter-segment revenue is eliminated in the consolidated financial statements.

Segment assets exclude tax assets.

Segment liabilities exclude tax liabilities and retirement benefit obligations. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirements). The reconciliation of the segment assets and liabilities to the Group's assets and liabilities are set out below.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

35. OPERATING SEGMENTS (continued)

2015	Edible oils RM'000	Tap-ware and sanitary ware RM'000	Investment holdings RM'000	Others RM'000	Total RM'000
Revenue					
Total revenue	357,438	40,311	3,929	–	401,678
Inter-segment revenue	–	–	(2,400)	–	(2,400)
Revenue from external customers	357,438	40,311	1,529	–	399,278
Interest income	163	4	1,848	–	2,015
Finance costs	(920)	(160)	(22)	–	(1,102)
Net finance (expenses)/income	(757)	(156)	1,826	–	913
Depreciation of property, plant and equipment	1,092	316	296	–	1,704
Segment profit/(loss) before tax	16,011	942	210	(12)	17,151
Other material non-cash items:					
– Fair value adjustment on derivative assets/liabilities	1,932	–	–	–	1,932
– Gain on bargain purchase	(1,436)	–	–	–	(1,436)
– Inventories written off	–	205	–	–	205
– Unrealised (gain)/loss on foreign exchange	(2,721)	43	–	–	(2,678)
Additions to non-current assets other than financial instruments and deferred tax assets	9,207	95	1	–	9,303
Segment assets	169,260	40,029	40,436	8	249,733
Segment liabilities	82,495	7,727	803	16	91,041

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

35. OPERATING SEGMENTS (continued)

2014	Edible oils RM'000	Tap-ware and sanitary ware RM'000	Investment holdings RM'000	Others RM'000	Total RM'000
Revenue					
Total revenue	53,817	36,604	1,965	–	92,386
Inter-segment revenue	–	(502)	–	–	(502)
Revenue from external customers	53,817	36,102	1,965	–	91,884
Interest income	71	6	2,338	–	2,415
Finance costs	(276)	(138)	(25)	–	(439)
Net finance expenses	(205)	(132)	2,313	–	1,976
Depreciation of property, plant and equipment	168	352	295	–	815
Segment profit/(loss) before tax	880	1,153	(3,389)	(20)	(1,376)
Other material non-cash items:					
– Fair value adjustment on derivative assets/liabilities	(153)	–	–	–	(153)
– Impairment losses on trade and other receivables	2	21	–	–	23
– Write back of inventories	–	(8)	–	–	(8)
– Reversal of impairment loss on trade receivables	–	(14)	–	–	(14)
– Unrealised loss/(gain) on foreign exchange	204	(22)	–	–	182
Additions to non-current assets other than financial instruments and deferred tax assets	108	15	14	–	137
Segment assets	82,833	37,619	63,381	18	183,851
Segment liabilities	38,459	5,670	985	38	45,152

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

35. OPERATING SEGMENTS (continued)

(a) Reconciliations

Reconciliations of reportable profit or loss, assets and liabilities to the Group's corresponding amounts are as follows:

	Group	
	2015 RM'000	2014 RM'000
Revenue		
Total revenue for reportable segments	401,678	92,386
Elimination of inter-segmental revenues	(2,400)	(502)
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	399,278	91,884
Profit /(Loss) for the financial year		
Total profit/(loss) for reportable segments	17,151	(1,376)
Income tax expense	(4,058)	(909)
Profit/(Loss) for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	13,093	(2,285)
Assets		
Total assets for reportable segments	249,733	183,851
Tax assets	522	388
Group's assets	250,255	184,239
Liabilities		
Total liabilities for reportable segments	91,041	45,152
Tax liabilities	2,623	2,105
Retirement benefit obligations	739	680
Group's liabilities	94,403	47,937

(b) Geographical information

The manufacturing facilities and sales offices of the Group are based in Malaysia.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of customers.

	2015 RM'000	2014 RM'000
Revenue from external customers		
Malaysia	147,082	38,705
Singapore	119,740	7,349
United Arab Emirates	43,181	1,303
Other foreign countries	89,275	44,527
	399,278	91,884

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

35. OPERATING SEGMENTS (continued)

(c) Major customers

Revenue from two (2) customers in the edible oils segment represent approximately RM133,958,000 (2014: RM12,028,000) of the Group revenue.

The following are major customers with revenue equal or more than ten percent (10%) of Group revenue:

	Revenue		
	2015 RM'000	2014 RM'000	Segment
Customer A	92,212	6,804	Edible oils
Customer B	41,746	5,224	Edible oils

36. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2015 and 30 June 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by equity. The Group has a target gearing ratio of ten percent (10%) to thirty percent (30%) determined as the proportion of net debt to equity. The Group includes within net debt, borrowings, trade and other payables and other liabilities, less cash and bank balances. Equity represents equity attributable to the owners of the parent.

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Borrowings	35,516	28,579	253	289
Trade and other payables	53,946	16,573	545	691
Other liabilities	4,941	2,785	–	–
Total liabilities	94,403	47,937	798	980
Less: Cash and bank balances	(52,821)	(76,049)	(39,524)	(62,149)
Net debt/(cash)	41,582	(28,112)	(38,726)	(61,169)
Equity	147,290	135,040	113,064	112,873
Gearing ratio (%)	28	–	–	–

Pursuant to the requirements of Practice Note No. 17/2005 of Bursa Malaysia Securities Berhad, the Group is required to maintain consolidated shareholders' equity equal to or not less than twenty-five percent (25%) of the issued and paid-up capital and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 30 June 2015.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2015 (cont'd)

36. FINANCIAL INSTRUMENTS (continued)

(b) Categories of financial instruments

Group 2015	Loans and receivables RM'000	Available-for-sale RM'000	Total RM'000
Financial assets			
Trade and other receivables	108,709	–	108,709
Cash and bank balances	52,821	–	52,821
Other investment	–	10	10
	161,530	10	161,540

	Other financial liabilities RM'000	Fair value through profit and loss RM'000	Total RM'000
Financial liabilities			
Borrowings	35,516	–	35,516
Derivative liabilities	–	1,579	1,579
Trade and other payables	53,946	–	53,946
	89,462	1,579	91,041

Company 2015	Loans and receivables RM'000	Available-for-sale RM'000	Total RM'000
Financial assets			
Trade and other receivables	178	–	178
Amounts owing by subsidiaries	26,924	–	26,924
Cash and bank balances	39,524	–	39,524
Other investment	–	10	10
	66,626	10	66,636

	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Borrowings	253	253
Trade and other payables	545	545
	798	798

NOTES TO THE FINANCIAL STATEMENTS
30 June 2015 (cont'd)

36. FINANCIAL INSTRUMENTS (continued)

(b) Categories of financial instruments (continued)

Group 2014	Loans and receivables RM'000	Fair value through profit or loss RM'000	Available-for-sale RM'000	Total RM'000
Financial assets				
Trade and other receivables	47,334	–	–	47,334
Derivative assets	–	353	–	353
Cash and bank balances	76,049	–	–	76,049
Other investment	–	–	10	10
	123,383	353	10	123,746

	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Borrowings	28,579	28,579
Trade and other payables	16,573	16,573
	45,152	45,152

Company 2014	Loans and receivables RM'000	Available-for-sale RM'000	Total RM'000
Financial assets			
Trade and other receivables	195	–	195
Amounts owing by subsidiaries	4,138	–	4,138
Cash and bank balances	62,149	–	62,149
Other investment	–	10	10
	66,482	10	66,492

	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Borrowings	289	289
Trade and other payables	691	691
	980	980

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

36. FINANCIAL INSTRUMENTS (continued)

(c) Determination of fair values

Methods and assumptions used to estimate fair values

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair values and whose carrying amounts are a reasonable approximation of fair value.

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, trade and other payables and short-term borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

(ii) Hire purchase and lease creditors

The fair values of these borrowings are estimated based on the future contractual cash flows discounted at current market interest rates available for similar financial instruments and of the same remaining maturities.

(iii) Other investment

The fair value of club membership is determined by reference to comparable market value of similar investments.

(iv) Derivatives

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of each reporting period applied to a contract of similar amount and maturity profile.

(d) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS
30 June 2015 (cont'd)

36. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

Group 2015	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Financial assets										
Available-for-sale financial assets										
– Other investment	–	–	10	10	–	–	–	–	10	10
Financial liabilities										
Financial liabilities at fair value through profit or loss										
– Forward currency contracts	–	1,579	–	1,579	–	–	–	–	1,579	1,579
Other financial liabilities										
– Hire purchase and lease creditors	–	–	–	–	–	1,028	–	1,028	1,028	1,037
	–	1,579	–	1,579	–	1,028	–	1,028	2,607	2,616

Company 2015	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Financial assets										
Available-for-sale financial assets										
– Other investment	–	–	10	10	–	–	–	–	10	10
Financial liabilities										
Other financial liabilities										
– Hire purchase and lease creditors	–	–	–	–	–	250	–	250	250	253

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

36. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. (continued)

Group 2014	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Financial assets										
Financial assets at fair value through profit or loss										
– Forward currency contracts	–	353	–	353	–	–	–	–	353	353
Available-for-sale financial assets										
– Other investment	–	–	10	10	–	–	–	–	10	10
	–	353	10	363	–	–	–	–	363	363
Financial liabilities										
Other financial liabilities										
– Hire purchase and lease creditors	–	–	–	–	–	354	–	354	354	365

Company 2014	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Financial assets										
Available-for-sale financial assets										
– Other investment	–	–	10	10	–	–	–	–	10	10
Financial liabilities										
Other financial liabilities										
– Hire purchase and lease creditors	–	–	–	–	–	279	–	279	279	289

Sensitivity analysis for the Level 3 fair value measurements

In view of the insignificant financial effect on the Group's profit for the financial year, no separate disclosure has been made of the effect of the sensitivity in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Exposure to credit risk, liquidity and cash flow risk, foreign currency risk and interest rate risk arises in the normal course of the businesses of the Group. The overall financial risk management objective of the Group is to minimise potential adverse effects on the financial performance of the Group.

The overall business strategies of the Group, its tolerance of risk and its general risk management philosophy are determined by management in accordance with prevailing economic and operating conditions. Financial risk management is carried out through risk reviews, internal control systems and adherence to the financial risk management policies of the Group. The Group does not have any financial instruments for trading purposes.

The management policies of the Group for managing each of its financial risks are summarised below:

(i) Credit risk

Cash deposits and trade receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The exposure and the creditworthiness of the Group of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The primary exposure of the Group to credit risk arises through its trade receivables. The carrying amount of financial assets as recorded in the financial statements, grossed up for any impairment losses, represents the maximum exposure to credit risk of the Group.

Credit risk concentration profile

The Company does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments other than the amounts owing by subsidiaries of approximately RM26,924,000 (2014: RM4,138,000), as disclosed in Note 15 to the financial statements.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 14 to the financial statements. Deposits with licensed banks that are neither past due nor impaired are placed with or entered into with financial institutions with good standing.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 14 to the financial statements.

(ii) Liquidity and cash flow risk

Liquidity risk is the risk that the Group is unable to service its cash obligations in the future. To mitigate this risk, management measures and forecasts its cash commitments, monitors and maintains a level of cash and cash equivalents deemed adequate to finance the operations and development activities of the Group.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2015 (cont'd)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Liquidity and cash flow risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations.

2015 Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities				
Trade and other payables	53,946	–	–	53,946
Borrowings	30,136	5,022	2,005	37,163
Total undiscounted financial liabilities	84,082	5,022	2,005	91,109
2015 **Company**				
Financial liabilities				
Trade and other payables	545	–	–	545
Borrowings	49	195	41	285
Total undiscounted financial liabilities	594	195	41	830

2014 Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities				
Trade and other payables	16,573	–	–	16,573
Borrowings	23,709	3,389	3,220	30,318
Total undiscounted financial liabilities	40,282	3,389	3,220	46,891
2014 **Company**				
Financial liabilities				
Trade and other payables	691	–	–	691
Borrowings	49	195	90	334
Total undiscounted financial liabilities	740	195	90	1,025

(iii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is subject to foreign exchange fluctuations through the import of raw materials and packaging materials and export of finished goods. The Group monitors the movement in foreign currency exchange rates closely to ensure its foreign currency risk is minimised.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2015 (cont'd)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group for the financial year to a 3% change in the US Dollar, Euro and Singapore Dollar exchange rates against the Ringgit Malaysia respectively, with all other variables held constant. 3% is the sensitivity rate used when reporting foreign currency risk exposures internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates.

If the relevant foreign currency strengthens by 3% against the functional currency of the Group as at the end of the reporting period, profit for the financial year would increase by the following amounts, mainly due to period end exposure on monetary balances denominated in the respective foreign currencies.

Profit/(Loss) after tax		Group 2015 RM'000	Group 2014 RM'000
USD/RM	– strengthen by 3% (2014: 3%)	1,465	841
	– weaken by 3% (2014: 3%)	(1,465)	(841)
EUR/RM	– strengthen by 3% (2014: 3%)	61	(3)
	– weaken by 3% (2014: 3%)	(61)	3
SGD/RM	– strengthen by 3% (2014: 3%)	1	(4)
	– weaken by 3% (2014: 3%)	(1)	4

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments the Group and of the Company would fluctuate because of changes in market interest rates.

The exposure of the Group to interest rates risk arises primarily from their loans and borrowings. The Group does not use derivative financial instruments to hedge this risk.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of each reporting period changed by hundred (100) basis point with all other variables held constant:

Profit/(loss) after tax	Group 2015 RM'000	Group 2014 RM'000
– Increase by 1% (2014: 1%)	(259)	(212)
– Decrease by 1% (2014: 1%)	259	212

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates ('WAEIR') as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are significantly exposed to interest rate risk:

Group At 30 June 2015	Note	WAEIR %	Within 1 year RM'000	1–2 years RM'000	2–3 years RM'000	3–4 years RM'000	4–5 years RM'000	More than 5 years RM'000	Total RM'000
Fixed rate instruments									
Deposits placed with licensed banks	16	3.31	34,210	–	–	–	–	–	34,210
Hire purchase and lease creditors	21	2.51	213	196	206	195	187	40	1,037
Floating rate instruments									
Bankers' acceptances	19	3.83	27,313	–	–	–	–	–	27,313
Bank overdraft	19	7.60	42	–	–	–	–	–	42
Islamic acceptance bills	22	1.51	1,255	–	–	–	–	–	1,255
Term loans	20	5.93	907	928	962	751	662	1,659	5,869
Company At 30 June 2015									
Fixed rate instruments									
Deposits placed with licensed banks	16	3.29	29,200	–	–	–	–	–	29,200
Hire purchase and lease creditors	21	2.30	39	41	43	44	46	40	253

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015 (cont'd)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates ('WAEIR') as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are significantly exposed to interest rate risk (continued):

Group At 30 June 2014	Note	WAEIR %	Within 1 year RM'000	1–2 years RM'000	2–3 years RM'000	3–4 years RM'000	4–5 years RM'000	More than 5 years RM'000	Total RM'000
Fixed rate instruments									
Deposits placed with licensed banks	16	3.05	65,900	–	–	–	–	–	65,900
Hire purchase and lease creditors	21	2.46	79	72	41	43	44	86	365
Floating rate instruments									
Bankers' acceptances	19	3.41	21,346	–	–	–	–	–	21,346
Bank overdraft	19	7.85	139						139
Islamic acceptance bills	22	1.40	1,012	–	–	–	–	–	1,012
Term loans	20	5.70	804	562	576	583	595	2,597	5,717
Company At 30 June 2014									
Fixed rate instruments									
Deposits placed with licensed banks	16	3.02	61,500	–	–	–	–	–	61,500
Hire purchase and lease creditors	21	2.30	37	39	41	42	44	86	289

NOTES TO THE FINANCIAL STATEMENTS
30 June 2015 (cont'd)

38. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 15 May 2015, Continental Resources Sdn. Bhd., a wholly-owned subsidiary of the Company entered into a Shareholders' Agreement with Palmtop Vegeoil Products Sdn. Bhd. ('Palmtop') for the subscription of 8,250,000 new ordinary shares of RM1.00 each, representing 60% of the enlarged issued and paid-up share capital of Palmtop for a total consideration of RM8.25 million which was satisfied by cash.

As a result of the above acquisition, Palmtop became a 60% owned subsidiary of Continental Resources Sdn. Bhd., a wholly-owned subsidiary of the Company. The effects of the acquisition are disclosed in Note 33 to the financial statements.

39. COMPARATIVES

Certain figures for the financial year ended 30 June 2014 have been reclassified to conform with current year's presentation, as follows:

	As previously reported RM'000	Reclassification RM'000	As reclassified RM'000
For the financial year ended 30 June 2014			
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
Group			
Revenue	92,257	(373)	91,884
Other income	307	373	680
Company			
Revenue	2,338	(373)	1,965
Other income	–	373	373

The above reclassification had no impact on the Statements of Financial Position, thereby no disclosure was warranted in respect of the impact on the comparative information in the Statements of Financial Position as at 30 June 2014 and 30 June 2013, being the third Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2015 (cont'd)

40. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of the respective financial years may be analysed as follows:

	2015	
	Group RM'000	Company RM'000
Total (accumulated losses)/retained earnings of C.I. Holdings Berhad and its subsidiaries:		
– Realised	(93,597)	17,917
– Unrealised	237	–
	(93,360)	17,917
Less: Consolidation adjustments	145,503	–
Total retained earnings	52,143	17,917

	2014	
	Group RM'000	Company RM'000
Total (accumulated losses)/retained earnings of C.I. Holdings Berhad and its subsidiaries:		
– Realised	(100,885)	17,649
– Unrealised	444	77
	(100,441)	17,726
Less: Consolidation adjustments	140,334	–
Total retained earnings	39,893	17,726

LIST OF PROPERTIES

As at 30 June 2015

Tenure	Location	Approximate Land Area (sq ft)	Approximate Age of Buildings (year)	Description	Date of Acquisition	Net Book Value RM'000
Negeri Sembilan Darul Khusus						
Leasehold 99 years expiring 2077	Land with building at HS(D) 658 PT 1342, Senawang Industrial Estate, Seremban, Negeri Sembilan	130,680 (Built-up Area)	35	Factory for Manufacturing Tap wares	10/06/1978	886
Freehold (2 individual Lots)	Land at HS (D) 14031 PT 3272, HS (D) 14036 PT 3277, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan Darul Khusus	43,594 48,115	–	Bungalow Land for Future Development of Orchard and Building	03/11/1999	–
Melaka						
Leasehold 99 years expiring 2101	Land with building at Lot No. 6672 – 6674 PM No. 567 – 569 Lot No. 6667 – 6669 PM No. 571 – 573 Mukim Sungei Baru Tengah Daerah Alor Gajah, Melaka	93,099 (Built-up Area)	19	Factory for Manufacturing Sanitary wares	03/11/1995	5,400
Selangor Darul Ehsan						
Freehold land	Land with building at GM 2514, Lot 2239, Mukim Teluk Panglima Garang, Lot 2239, Jalan Rajawali, Batu 9, Kampung Kebun Baru, 42500 Telok Panglima Garang, Kuala Langat, State of Selangor	175,602	10	Industrial land	20/09/2005	14,295
Freehold land	Land with building at GM 4406, Lot 11202, Mukim Teluk Panglima Garang, Lot 11202, Jalan Rajawali, Batu 9,Kampung Kebun Baru, 42500 Telok Panglima Garang, Kuala Langat, Selangor Darul Ehsan.	88,016	3	Industrial land	30/12/2012	3,501
Johor Darul Takzim						
Leasehold 60 years expiring 2055	Land with building at PTD 115556, HSD 221665, Mukim of Plentong, District of Johor Bahru, Johor Darul Takzim PLO 470, Jalan Keluli 1, 81700 Pasir Gudang, Johor Darul Takzim	87,120	7	Industrial land	20/02/2008	4,921
						29,003

ANALYSIS OF SHAREHOLDINGS

As at 30 September 2015

Authorised share capital	:	RM250,000,000.00
Issued and fully paid-up share capital	:	RM81,000,000.00
Class of shares	:	Ordinary shares of RM0.50 each
Voting rights by show of hand	:	One vote for every member
Voting rights by poll	:	One vote for every share held

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	68	2.67	1,297	0.00
100 – 1,000	857	33.66	727,781	0.45
1,001 – 10,000	1,236	48.55	5,070,712	3.13
10,001 – 100,000	330	12.96	10,033,200	6.19
100,001 to less than 5% of issued shares	51	2.00	59,470,910	36.71
5% and above of issued shares	4	0.16	86,696,100	53.52
Total	2,546	100.00	162,000,000	100.00

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name	Direct No. of Shares Held	%	Indirect No. of Shares Held	%
1	JAG Capital Holdings Sdn Bhd	53,000,000	32.72	–	–
2	Continental Theme Sdn Bhd	12,922,100	7.98	–	–
3	Lee Cheang Mei	10,515,000	6.49	–	–
4	Fung Heen Choon	10,259,000	6.33	–	–
5	Datuk Johari Bin Abdul Ghani	–	–	53,000,000	32.72[1]
6	Datin Mariam Prudence Binti Yusof	–	–	34,344,900	21.20[2]

Notes:

1 Deemed interest by virtue of his substantial shareholding in JAG Capitals Holdings Sdn Bhd.

2 Deemed interest through Du Ain Sdn Bhd, Duclos Sdn Bhd, Syed Ibrahim Sdn Bhd, Leasing Corporation Sdn Bhd, Sisma Water Technology Sdn Bhd and Continental Theme Sdn Bhd.

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

No.	Name	Direct No. of Shares Held	%	Indirect No. of Shares Held	%
1	Tan Sri Dato' Seri Abdul Ghani Bin Abdul Aziz	260,000	0.16	–	–
2	Megat Joha Bin Megat Abdul Rahman	1,000,000	0.62	–	–
3	Fung Heen Choon	10,259,000	6.33	–	–
4	Lee Cheang Mei *(Alternate Director to Fung Heen Choon)*	10,515,000	6.49	–	–
5	Dato' Sukumaran s/o Ramasamy	426,100	0.26	–	–
6	Dato' Tan Fok Wah *(Alternate Director to Dato' Sukumaran s/o Ramasamy)*	282,200	0.17	–	–
7	Datin Mariam Prudence Binti Yusof	–	–	34,344,900	21.20[1]
8	Teh Bee Tein	–	–	230,900	0.14[2]

Notes:

1 Deemed interest through Du Ain Sdn Bhd, Duclos Sdn Bhd, Syed Ibrahim Sdn Bhd, Leasing Corporation Sdn Bhd, Sisma Water Technology Sdn Bhd and Continental Theme Sdn Bhd.

2 Indirect interest through shareholdings held by spouse.

ANALYSIS OF SHAREHOLDINGS

As at 30 September 2015 (cont'd)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for JAG Capital Holdings Sdn Bhd*	53,000,000	32.72
2	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Continental Theme Sdn Bhd*	12,922,100	7.98
3	Lee Cheang Mei	10,515,000	6.49
4	Fung Heen Choon	10,259,000	6.33
5	Duclos Sdn Bhd	5,360,000	3.31
6	Leasing Corporation Sdn Bhd	4,686,400	2.89
7	Syed Ibrahim Sdn Bhd	4,540,000	2.80
8	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Syarifah Anita Ibrahim*	3,669,500	2.27
9	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Syarifah Aminah Ibrahim Binti Syed Ibrahim*	3,646,400	2.25
10	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Azril Akmar Bin Attan Akmar*	3,624,400	2.24
11	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Erwin Selvarajah a/l Peter Selvarajah*	3,570,900	2.20
12	Sisma Water Techonology Sdn Bhd	3,507,400	2.17
13	Du Ain Sdn Bhd	3,329,000	2.05
14	Tiger Vest Sdn Bhd	3,009,300	1.86
15	Potensi Berkat Sdn Bhd	2,260,810	1.40
16	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Erwin Selvarajah a/l Peter Selvarajah*	2,013,000	1.24
17	Citigroup Nominees (Asing) Sdn Bhd *Goldman Sachs International*	1,267,600	0.78
18	RDS Network Sdn Bhd	1,265,000	0.78
19	DB (Malaysia) Nominee (Asing) Sdn Bhd *Exempt an for EFG Bank AG*	1,232,900	0.76
20	HSBC Nominees (Asing) Sdn Bhd *Exempt an for KAS Bank N.V.*	1,125,200	0.69
21	Affin Hwang Nominees (Tempatan) Sdn Bhd *UOB Kay Hian Pte Ltd for Susanna Lam Quay Mui @ Lim Kwi Mui*	1,000,000	0.62
22	Megat Joha Bin Megat Abdul Rahman	1,000,000	0.62
23	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Mohd Nazasli Bin Abdul Aziz*	854,200	0.53
24	HSBC Nominees (Tempatan) Sdn Bhd *Exempt an for Credit Suisse*	724,000	0.45
25	Azri Bin Abdul Ghani	609,800	0.38
26	Yip Kean Sung	600,500	0.37
27	HSBC Nominees (Asing) Sdn Bhd *Exempt an for BSI SA*	585,000	0.36
28	Citigroup Nominees (Asing) Sdn Bhd *Exempt an for UBS Switzerland AG*	457,500	0.28
29	Sukumaran s/o Ramasamy	426,100	0.26
30	Cheak Mun Luen	400,000	0.25
		141,461,010	87.33

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year.

SHARE BUY-BACK

The Company did not carry out any share buy-back during the financial year ended 30 June 2015.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrants nor convertible securities issued by the Company during the financial year ended 30 June 2015.

AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME

The Company did not sponsor any ADR or GDR programme during the financial year ended 30 June 2015.

IMPOSITION OF SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company and/or its subsidiaries, directors or management by any regulatory bodies during the financial year ended 30 June 2015.

NON-AUDIT FEES

The total amount of non-audit fees paid/payable to the external auditors and their associated companies by the Group for the financial year ended 30 June 2015 was RM84,000 which is tabulated as follows:

		RM
i)	BDO	13,000
ii)	BDO Tax Services Sdn Bhd	71,000
		84,000

VARIATION IN RESULTS

There were no material variances between the audited financial statements for the financial year ended 30 June 2015 and the unaudited results announced to Bursa Malaysia Securities Berhad on 26 August 2015.

PROFIT GUARANTEE

The Company did not give nor receive any profit guarantee during the financial year ended 30 June 2015.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests, either still subsisting at the end of the financial year ended 30 June 2015 or entered into since the end of the previous financial year.

C.I. HOLDINGS BERHAD (Company No.: 37918-A)
(Incorporated in Malaysia under the Companies Act, 1965)

FORM OF PROXY

CDS Account No.	
Number of Shares Held	

I/We ____
(Full name in block letters, NRIC No. / Company No.)

of ____

____

being a member/members of **C.I. HOLDINGS BERHAD**, hereby appoint:

Full Name (in block letters)	**NRIC / Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Full Name (in block letters)	**NRIC / Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing him/her, the Chairman as *my/our proxy to vote for *me/ us on *my/ our behalf at the Thirty-Seventh Annual General Meeting of the Company, to be held at Pullman One, Level 3, Pullman Kuala Lumpur City Centre Hotel & Residences, Jalan Conlay, 50450 Kuala Lumpur on Monday, 23 November 2015 at 10:00 a.m. and at any adjournment thereof.

RESOLUTION NO.	**ORDINARY BUSINESS**	**FOR**	**AGAINST**
Ordinary Resolution 1	To approve the payment of Directors' Fees for the financial year ended 30 June 2015		
Ordinary Resolution 2	To re-elect Ms. Teh Bee Tein as Director		
Ordinary Resolution 3	To re-elect Encik Megat Joha Bin Megat Abdul Rahman as Director		
Ordinary Resolution 4	To re-elect Dato' Sukumaran s/o Ramasamy as Director		
Ordinary Resolution 5	To re-appoint Tan Sri Dato' Sri Abdul Ghani Bin Abdul Aziz as Director		
Ordinary Resolution 6	To re-appoint Messrs BDO as Auditors of the Company		
	SPECIAL BUSINESS	**FOR**	**AGAINST**
Ordinary Resolution 7	To retain Tan Sri Dato' Sri Abdul Ghani Bin Abdul Aziz as an Independent Non-Executive Director		
Ordinary Resolution 8	To retain Encik Nor Hishammuddin Bin Dato' Mohd Nordin as an Independent Non-Executive Director		

(Please indicate with a "X" in the appropriate box whether you wish your vote to be cast for or against the resolution. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.)

Signed this ________ day of ____________________ 2015

____
Signature(s) of Shareholder/Attorney
(if shareholder is a corporation, this part should be executed under seal)

NOTES:

For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 57(2) of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 16 November 2015. Only a member whose name appears in the Record of Depositors as at 16 November 2015 shall be entitled to attend the Meeting and to speak and vote thereat.

A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his(her) stead. A proxy need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

A member of the Company may appoint a proxy or proxies to attend the Meeting. Where a member appoints two or more proxies, he(she) shall specify the proportion of his(her) shareholdings to be represented by each proxy.

The instrument appointing a proxy shall be in writing under the hands of the appointor or of his(her) attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of its officer or its duly authorised attorney.

Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.

To be valid, the Form of Proxy must be completed, signed and deposited at the Company's registered office at Suite A-11-1, Level 11, Hampshire Place Office, 157 Hampshire, No. 1, Jalan Mayang Sari, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting.

Fold this flap for sealing

Then fold here

STAMP

The Company Secretary

C.I. HOLDINGS BERHAD (37918-A)
Suite A-11-1, Level 11,
Hampshire Place Office,
157 Hampshire,
No. 1, Jalan Mayang Sari,
50450 Kuala Lumpur
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